

IN THE COMPETITION TRIBUNAL OF SOUTH AFRICA

Case number: 020727

In the matter between:

CAXTON AND CTP PUBLISHERS AND PRINTERS LIMITED First Applicant

THE TRUSTEES FOR THE TIME BEING OF THE MEDIA MONITORING PROJECT BENEFIT TRUST Second Applicant

S.O.S SUPPORT PUBLIC BROADCASTING COALITION Third Applicant

and

MULTICHOICE (PROPRIETARY) LIMITED First Respondent

SOUTH AFRICAN BROADCASTING CORPORATION (SOC) LIMITED Second Respondent

THE COMPETITION COMMISSION Third Respondent

NOTICE OF MOTION

TAKE NOTICE that the first to third applicants intend to make application to the Competition Tribunal for the following orders:

- 1. The first and second respondents are ordered to notify the third respondent of the acquisitions of control that arise from the "Commercial and Master Channel

Distribution Agreement” concluded by them during July 2013 (annexure “TM5” to the first applicant’s founding affidavit);

2. That any party who opposes this application is ordered to pay the costs occasioned by such opposition;
3. Further and/or alternative relief.


TAKE NOTICE FURTHER that the affidavits of **MR PAUL MICHAEL JENKINS, MR WILLIAM BIRD** and **MR SEKOETLANE JACOB PHAMODI**, together with accompanying annexures, will be used in support of this application.

TAKE NOTICE FURTHER that the applicants have appointed Nortons Incorporated of 135 Daisy Street, Sandton, Johannesburg (reference: Mr A Norton / Ms M Rawlinson) as the address at which it will accept notice and service of all process in these proceedings.

TAKE NOTICE FURTHER that if you intend opposing this application, you are required to:

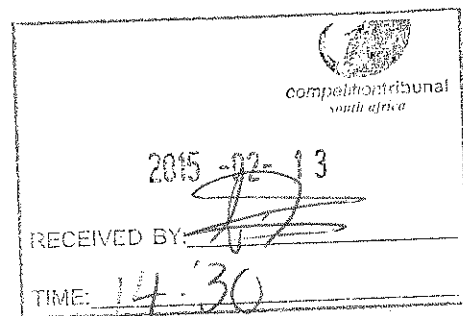
- (a) notify the applicants’ attorneys by e-mail at michelle@nortonsinc.com on or before 17h00 on Monday, 23 February 2015; and
- (b) to file your answering affidavits, if any, and to serve same on the applicants’ attorneys by e-mail at michelle@nortonsinc.com within 10 days after service of your Notice of Intention to Oppose.

DATED AT JOHANNESBURG ON THIS 13th DAY OF FEBRUARY 2015.



NORTONS INCORPORATED
 Applicants' attorneys
 135 Daisy Street
 Sandton
 Tel: 011 666 7560
 E-mail: michelle@nortonsinc.com
 Ref: Mr A Norton / Ms M Rawlinson

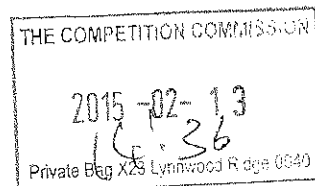
TO: **THE REGISTRAR**
 Competition Tribunal
 Block C, DTI Campus
 77 Meintjies Street
 Sunnyside
 Pretoria
 E-mail: ctsa@comptrib.co.za
 Fax: 012 394 0169



AND TO: **MULTICHOICE (PTY) LTD**
 First respondent
 251 Oak Avenue
 Ferndale
 Randburg

AND TO: **SOUTH AFRICAN BROADCASTING CORPORATION (SOC) LTD**
 Corner of Artillery and Henley Roads
 Auckland Park
 Johannesburg
 Second respondent

AND TO: **THE COMPETITION COMMISSION**
 Third respondent
 Block C, DTI Campus
 77 Meintjies Street
 Sunnyside
 Pretoria




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and

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First Respondent

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(SOC) LIMITED

Second Respondent

THE COMPETITION COMMISSION

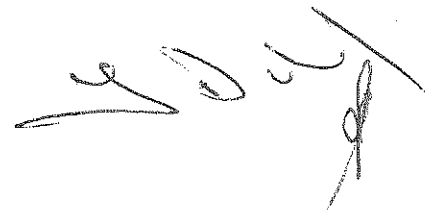
Third Respondent

FOUNDING AFFIDAVIT

I, the undersigned,

TERRENCE DESMOND MOOLMAN

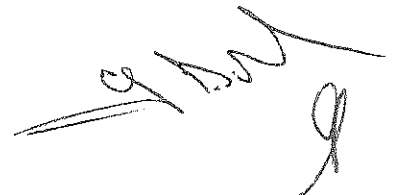
hereby state under oath that:



1. I am the Chief Executive Officer of Caxton and CTP Publishers and Printers Limited (“Caxton”), the first applicant in this application.
2. I am duly authorised to depose to this affidavit and to bring this application on behalf of Caxton. The second and third applicants support this application. In this regard I refer to the supporting affidavit deposed to by Mr William Bird and the confirmatory affidavit of Mr Sekoetlane Jacob Phamodi, respectively.
3. Save where is otherwise stated or where the contrary appears from the context, the facts contained herein fall within my personal knowledge and are true and correct.
4. Where I rely on information conveyed to me by others, I believe that information to be true and correct. Where I make legal submissions, I do so on the basis of advice that I have received from Caxton’s legal advisers, which advice I also believe to be true and correct. In respect of technical issues referred to in this affidavit such as the manner in which television operators broadcast their signals, I have obtained the relevant technical information from relevant industry experts, including Mr Bird and Ms Edmunson, whose confirmatory affidavits are filed herewith.

A INTRODUCTION AND OVERVIEW

5. This is an application to compel the first and second respondents to notify the third respondent of the acquisitions of control that arise from the “Commercial and Master Channel Distribution Agreement” (“the Agreement”) concluded by them during July 2013.

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6. As I explain below, in terms of the relevant provisions of the Agreement the first respondent has acquired control over the second respondent's television broadcasting policy, as well as a strategic asset in the form of the second respondent's programme archives.
7. These acquisitions of control were, for the reasons set out in this affidavit, notifiable to the first respondent in terms of section 12 of the Competition Act, 89 of 1998 ("the Act").
8. The Agreement has been concluded against the backdrop of the migration in South Africa from the use of radio frequency spectrum ("spectrum") for the carrying of analogue television signals, to the use of spectrum for the carrying of digital terrestrial television ("DTT") signals, a process that began some years ago and which is set to take place during the course of 2015 and thereafter.
9. DTT is a technological evolution of television broadcasting. Its advantages include the more efficient use of spectrum (enabling many more channels to be broadcast using the same amount of spectrum), improved image quality, and lower overall broadcasting costs for broadcasters.
10. In South Africa the process of migration to DTT has been highly contested. At the heart of this is the fact that viewers in South Africa with older television sets will need to purchase a DTT set-top box ("STB"), which converts digital signals to a format capable of being viewed on television sets that are not equipped with a digital tuner or receiver.
11. There has been a long-running debate as to whether or not the broadcast signal



for DTT of free-to-air (“FTA”) channels, including the SABC’s public broadcaster mandated channels of SABC 1 and SABC 2, should be encrypted. The inclusion of encryption/decryption technology as a standard in STB’s would mean that FTA broadcasters such as e.tv and the SABC would be required to encrypt their signals, making them accessible only to those who have STBs that can decrypt the signal and, usually, who have been given access to decryption keys that are inserted into the STBs.

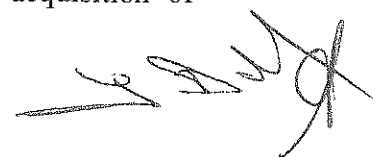
12. Encryption will prevent unauthorised persons outside of the broadcast territory from receiving signals not intended for the territory in which they reside. It will also prevent pay television operators from accessing the signals of FTA broadcasters without their permission. Encryption would also allow existing FTA broadcasters, and future broadcasters, to establish pay television offerings using the encryption technology in a large installed base of STB’s. This, in turn, would foster competition with the first respondent, MultiChoice Proprietary Limited (“MultiChoice”).

13. Until it concluded the Agreement with MultiChoice, the first respondent (“SABC”) supported the delivery of DTT signals to South African viewers on the basis that these signals would be encrypted – or in other words which required viewers to decrypt the DTT signal via STBs. This is presently also the policy in force as adopted by the former Minister of Communications, Minister Pule, on 7 February 2012. In this regard I attach marked “TM1”, a copy of the policy amendments as adopted by Minister Pule in this regard, which clearly states that STB’s must incorporate a robust STB control system, which would in turn require that television broadcast signals are to be encrypted in the DTT



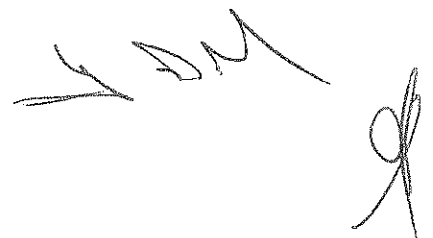
broadcast environment.

14. The SABC's initial position in this regard was to support the encryption of DTT signals in the DTT broadcasting environment (which position accorded with the Minister's policy, and which is supported by all other television broadcasters, apart from MultiChoice). This will enable existing FTA broadcasters to deliver high quality television services, protect the copyright of their programme suppliers, restrict unauthorised access to their services and compete more effectively with MultiChoice.
15. As I explain below, one of the consequences of the Agreement is to confer upon MultiChoice control over this strategic and fundamentally important policy decision, enabling MultiChoice to materially influence the television broadcasting business of the SABC. Having gone from a position where it previously supported the encryption of DTT signals in the DTT broadcasting environment, the SABC has, as a result of concluding the Agreement with MultiChoice, aligned itself with MultiChoice by departing from that position. It has similarly fettered its own ability to agree or disagree with government policy on this issue.
16. In this regard I attach marked "TM2", a press release from the SABC's communications office dated 31 October 2013. In this press release, delivered after the conclusion of the Agreement (which as noted above occurred in July 2013), the SABC stated that it had "*taken the decision not to support conditional access of set-top boxes*". (emphasis added)
17. The applicants' case is that the Agreement gives rise to the acquisition of



control by Multichoice over parts of the SABC's business on two self-standing bases:

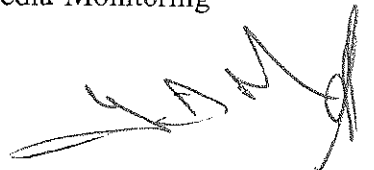
- 17.1. First, the Agreement involves the acquisition by MultiChoice of material influence over the television broadcasting policy and concomitantly the business of the SABC.
- 17.2. This acquisition of material influence by MultiChoice arises as a result of the fact that, in terms of the Agreement, the SABC has agreed that it will *not* broadcast any of its current or future FTA channels on an encrypted basis, and that those channels will *always* be capable of being viewed via STBs that are supplied by MultiChoice or M-Net.
- 17.3. Thus, in terms of the Agreement the SABC has given up control over how it delivers the signals of its FTA channels to its current and future viewers. It has, as a result of the Agreement, moved from a position where its approach as regards broadcasting in the DTT environment was based on employing encryption, to one where its position in this regard is now aligned with the commercial interests of MultiChoice, and is premised on delivering its broadcast signals in an unencrypted form.
- 17.4. The Agreement has accordingly vested MultiChoice with the ability to materially influence a fundamental aspect of the SABC's television broadcasting business, namely how it currently broadcasts its programmes, and will broadcast its programmes in the future DTT environment in South Africa.

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- 17.5. Second, the Agreement entails the transfer of control by SABC to MultiChoice of the SABC's proprietary programme archives, which is in turn a fundamental part of the SABC's broadcast television business and assets. The transfer of control of this asset to MultiChoice confers a competitive advantage on an overwhelmingly dominant rival.
18. For the reasons set out in this affidavit, the merger meets the thresholds for mandatory notification.
19. To the best of my knowledge, the first and second respondents have failed to notify the Agreement to the third respondent, the Competition Commission ("the Commission").

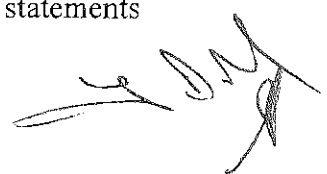
B PARTIES AND RELEVANT BACKGROUND

20. The first applicant is Caxton, a company with limited liability, duly registered and incorporated in accordance with the company laws of the Republic of South Africa, with its head office at 368 Jan Smuts Avenue, Craighall, Johannesburg.
-
21. Caxton is a listed company. It publishes and prints books, magazines and newspapers in South Africa. It is also involved in commercial printing. As I explain below, Caxton is exploring the potential expansion of its business into digital television and video content to be delivered via various forms of digital media.
22. This application is supported by two other applicants. The second applicant is the Media Monitoring Project Benefit Trust (also known as Media Monitoring



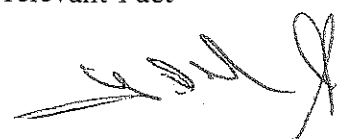
Africa) (“MMA”). The third applicant is the S.O.S Support Public Broadcasting Coalition (“SOS” or “the SOS coalition”).

23. MMA is a member of SOS. The SOS coalition represents a broad spectrum of civil society stakeholders committed to the broadcasting of quality, diverse, citizen-oriented public interest programming that is aligned with the objectives of the South African Constitution and the Electronic Communications Act, 36 of 2005 (“ECA”).
24. The SOS coalition includes a number of trade union federations, including the Congress of South African Trade Unions and the Federation of Unions of South Africa. It also includes a number of independent unions, film and television production organisations, non-government organisations and community-based organisations, including the Freedom of Expression Institute, SECTION27 and the MMA.
25. I refer to the supporting affidavit deposed to by Mr William Bird of the MMA and the confirmatory affidavit of Mr Sekoetlane Jacob Phamodi on behalf of SOS.
26. The first respondent is MultiChoice, a contracting party to the Agreement. MultiChoice has its head office and principal place of business at 251 Oak Avenue, Ferndale, Randburg. MultiChoice is a wholly owned subsidiary of MultiChoice South Africa Holdings Proprietary Limited (“MCSAH”). MCSAH is 80% owned and controlled by MIH Holdings Proprietary Limited, which is in turn owned and controlled by Naspers Limited (“Naspers”). This ownership structure is evidenced in MCSAH’s latest annual financial statements



for the period to March 2014, the relevant pages of which are attached marked "TM3".

27. In South Africa, Naspers and its direct and indirect subsidiaries' business operations consist of multi-channel subscription television, 'DStv' and terrestrial subscription television M-Net. Naspers's business interests also include internet (e-commerce) offerings, communications, social networks, entertainment and mobile value-added services, print media (newspapers, magazines, printing, distribution and book publishing- undertaken by Media24 Proprietary Limited and its subsidiaries) and certain underlying technologies. Caxton and Naspers are direct competitors in a number of these markets.
28. MCSAH (which, as I have explained above, owns and controls MultiChoice) also owns and controls Electronic Media Network Proprietary Limited ("M-Net") and SuperSport International Holdings Proprietary Limited ("SuperSport"), the premier providers of paid entertainment and sport television content, respectively, in South Africa.
29. MultiChoice operates DStv in sub-Saharan Africa, offering in excess of 200 television channels and 65 audio channels to paid subscribers in the region. MultiChoice has expanded this offering with DStv Mobile and DStv Box Office, enabling paid subscribers to view content on mobile devices, and to purchase the latest movie releases by way of digital downloads.
30. According to the "Fact Sheet" on Naspers's website, MultiChoice has approximately 5 million paid subscribers in South Africa, and a total of 8 million subscribers in sub-Saharan Africa. I attach a copy of the relevant Fact



Sheet from Nasper's website marked "TM4".

31. MultiChoice holds a commercial subscription television broadcasting service licence in South Africa, which authorises it to operate a digital satellite television service on a subscription basis. M-Net holds an analogue subscription terrestrial television broadcasting service licence.
32. The second respondent is the SABC, a statutory public body. It is the national public broadcaster in South Africa regulated by the Broadcasting Act, 4 of 1999 and the ECA. The SABC's principal place of business is at the corner of Artillery and Henley Roads, Auckland Park, Johannesburg.
33. The SABC is the holder of television broadcasting licences authorising it to provide two analogue public television broadcasting services (SABC 1 and 2) and an analogue commercial public television broadcasting service (SABC 3).
34. MultiChoice has a subscription television offering in the form of DStv and M-Net. Both DStv and M-Net compete with the SABC and e.tv for viewers, and for advertising revenue.
35. The third respondent is the Commission, an administrative body established in terms of section 19(1) of the Act, which has its offices at Block C, Mulayo, Mapungubwe Building, DTI Campus, 77 Meintjies Street, Sunnyside, Pretoria.

C THE AGREEMENT

36. The Agreement was concluded on 3 July 2013. As set out above, the parties to the Agreement are the SABC and MultiChoice. The Agreement appears to have

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been concluded on behalf of the SABC by its acting chief operating officer, Mr Hlaudi Motsoeneng and its acting chief financial officer, Tiaan Olivier and on behalf of MultiChoice by its chief executive officer: pay television platforms, Mr Eben Greyling. I attach a copy of the Agreement marked "TM5".

37. As I have explained above, there are two aspects of the Agreement that bring it within the ambit of the definition of a "merger" for purposes of section 12 of the Act. I deal with the terms of the Agreement that are relevant to those aspects in turn, below.

(i) MultiChoice's acquisition of control over the SABC's television broadcast strategy

38. The Agreement is for a term of five years. In terms of clause 2.1.3, MultiChoice has agreed to pay the SABC an up-front refundable advance of R30 million, and an annual fee commencing at R100 million, escalating at 5% per annum. Over its full term the Agreement is accordingly worth in excess of R500 million to the SABC.

39. In exchange the SABC has *inter alia* undertaken to MultiChoice that it will ensure that "at all times" the signals for the SABC FTA channels (currently SABC 1, 2 and 3) will *not* be encrypted, and will be accessible on a "M-Net DTT Set-Top Box" (clauses 2.1.5 and 4.3.1). In particular, the SABC has undertaken and agreed as follows:

"...that all Channel Signals in respect of the SABC FTA Channels as transmitted by the SABC on the SABC DTT Platform shall be broadcast or

transmitted by or on behalf of the SABC, unencrypted and without any conditional access system, and shall always be available and receivable by M-Net DTT Set-Top Boxes distributed in South African throughout the Term, without requiring anything other than the installation of an M-Net DTT Set-Top Box.” (emphasis added)

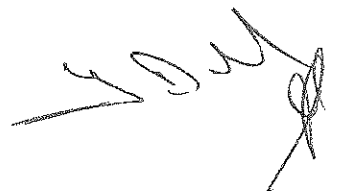
40. The Agreement contains the following defined terms (referred to in the clauses addressed above) that are relevant for present purposes:

40.1. “M-Net DTT Set-Top Box” (clause 1.1.6) is defined to mean the STB or receiver device that is capable of receiving DTT signals for display in South Africa on a “connected viewing device”, which STBs are distributed in South Africa, “by or on behalf of Electronic Media Network (Proprietary) Limited and/or any of MCA’s affiliates”. (Electronic Media Network Proprietary Limited is a reference to M-Net).

40.2. “SABC FTA Channels” (clause 1.1.25) is a reference to all television channels “owned, packaged and/or operated by the SABC, of whatever genre, and distributed by the SABC, or on behalf of the SABC, on a digital free-to-air basis (including but not limited to DTT) in South Africa”.

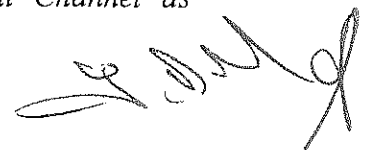
41. Thus, in terms of the Agreement the SABC has, in exchange for MultiChoice’s payment of in excess of R100 million per year for five years, departed from its previously held position that the future of DTT in South Africa should be based on the principle that television broadcasting signals should be encrypted.

42. Instead, the SABC has agreed that *all* of its FTA channels (present and future, public and commercial) will be broadcast on an *unencrypted* basis, and will “*always*” be receivable on STBs supplied by MultiChoice (via M-Net).
43. As I explain in greater detail below, the Agreement accordingly has the effect that MultiChoice has acquired the ability to materially influence the television broadcast business of the SABC through its ability to dictate the manner in which the SABC broadcasts or distributes its FTA channels. This will be detrimental to competition in the television broadcast sector in South Africa.
- (ii) The transfer of control of SABC’s archived programmes to MultiChoice**
44. The Agreement also entails the transfer of sole control of the SABC’s programme archives to MultiChoice.
45. In this regard, the SABC has granted MultiChoice various rights to license and supply SABC’s programme content (which includes content from SABC’s programme archives) via two channels that are to be screened by MultiChoice on its DStv platform.
46. These channels include a 24-hour daily television news service to be known as “SABC News” (“**the SABC news channel**”) and a 24-hour daily entertainment channel (“**the SABC entertainment channel**”). Subsequent to the conclusion of the Agreement the SABC news channel is being broadcast on DStv.
47. Importantly, while the SABC news channel may be broadcast by the SABC on its own channels, the SABC entertainment channel will contain material from

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the SABC programme archives that is to be broadcast *exclusively* by MultiChoice.

48. In terms of clause 4.2 of the Agreement, the SABC has granted MultiChoice the right to: (i) receive, distribute and market these two channels; and (ii) license the reception, distribution and marketing of the channels by means of "Television Systems" (which is broadly defined in clause 1.1.33 to include a range of digital platforms, including internet-based distribution) to MultiChoice's subscribers, and therefore not to the SABC's viewers.
49. The Agreement contemplates that the SABC will license content to MultiChoice *exclusively*. In terms of clause 4.1.3, as soon as possible after the conclusion of the Agreement, MultiChoice and the SABC were required to meet in order, "*to discuss the scheduling and precise details of the content of the SABC Entertainment Channel to be supplied by the SABC to MCA*". (MCA is a reference in the agreement to MultiChoice).
50. The clause goes on to provide that the SABC:
- "shall, as part of such meeting, deliver to MCA a comprehensive presentation which shall provide further and precise details with regard to the broad channel description and which shall include but not be limited to the nature of the SABC Entertainment Channel, details of the content, programming, schedule, name, broadcast hours and detailed costs of such Channel. MCA will, as part of such discussions, convey its content, programming and scheduling requirements to the SABC and raise any concerns that it may have with regard to the description of the SABC Entertainment Channel as*



proposed by the SABC in its presentation. The Parties agree that after MCA has consulted with the SABC, a detailed content description schedule for the SABC Entertainment Channel as agreed by the Parties shall be incorporated into this Agreement by reference. In the event that the Parties are unable to agree on a content description schedule as aforesaid within 1 (one) month of the Start Date, or by a later date as may be agreed to in writing by MCA, then MCA shall have the right terminate this Agreement with respect to the SABC Entertainment Channel.” (emphasis added)

51. In terms of clause 4.1.4, the SABC, “undertakes that content packaged as part of the SABC Entertainment Channel shall be comprised of SABC-owned content from the SABC programme archives, and which shall be of a quality commensurate in value according to the Fees payable by MCA in respect of its pay television platform”. (emphasis added)

52. Critically, in terms of clause 4.2.3 of the Agreement, the SABC has agreed that, for the duration of the Agreement, the SABC “shall not itself distribute, nor authorise anyone else to distribute, the SABC Entertainment Channel (or any adaptation, part, version or individual programme thereof) or any branded block or substantially similar channel, by any systems or means in the Territory (or any part thereof) during the Term”. (my emphasis added)

53. When read together, the clauses referred to above have the effect that:

53.1. in exchange for the very significant fees payable by MultiChoice to the SABC, the SABC will, in respect of the entertainment channel, make available an unspecified portion of its proprietary programme archive

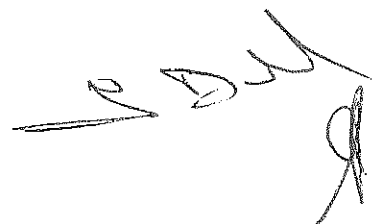
assets (the SABC programme archives) to MultiChoice on an exclusive basis for a period of 5 years;

53.2. this content will be determined in consultation with MultiChoice, which may cancel the Agreement if it is dissatisfied with the extent of the content that the SABC is prepared to provide, and which content must be commensurate in value with the fees paid by MultiChoice to the SABC in terms of the Agreement (which, as per clause 5.2, amounts to 60% of over R500 million – i.e. approximately R300 million);

53.3. the SABC will not be able to distribute that content itself, thereby sterilising the SABC's ability to use this content entirely; and

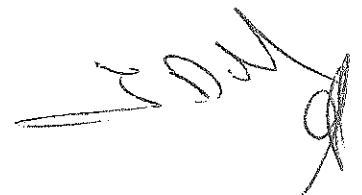
53.4. the SABC will not be able to allow anyone else to distribute this body of content, nor any part, adaptation or version thereof, for the duration of the Agreement.

54. What is therefore contemplated in the Agreement is that the SABC's programme archives, the extent of which shall be commensurate in value with the fees payable for the entertainment channel under the Agreement, will be solely controlled by MultiChoice. During the term of the Agreement, the SABC is not entitled to use that content for itself, or to license it to any third parties, meaning that this content is no longer, notwithstanding it being the property of the public broadcaster, accessible by the general public or the public broadcaster itself.

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D THE TERMS OF THE AGREEMENT GIVE RISE TO ACQUISITIONS OF CONTROL THAT CONSTITUTE MERGERS

55. I am advised that the Tribunal has previously stressed the importance of the prior notification of mergers to permit the competition authorities to perform a proper prospective assessment of the impact of a merger before the merger occurs, and potentially irreversibly changes the structure of the relevant markets.
56. In this regard, I understand that the term “*merger*” in the Act, and the obligation to notify mergers thereunder, are to be broadly construed, and that the Tribunal will err on the side of caution in determining whether or not a transaction constitutes a notifiable merger.
57. I understand too that there are two primary factual enquiries as to when a transaction is notifiable:
- 57.1. first, whether the transaction constitutes a “merger” for the purposes of section 12 of the Act (which is a fact-based inquiry based on whether there has been a change of control of the whole or part of the business of another firm); and
- 57.2. secondly, if so, whether the transaction meets the thresholds for notification.
58. I set out immediately below why the applicants submit that the relevant terms of the Agreement give rise to a notifiable merger as defined in the Act, both on the

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basis that the relevant terms of the Agreement enable MultiChoice to acquire material influence over the television broadcast policy and consequently business of the SABC and, in addition, enable MultiChoice to acquire sole control over a part of the business of the SABC – being the programme archives in respect of the entertainment channel.

(i) **“Material influence” in terms of s 12(2)(g) of the Act**

59. I am advised that, in terms of section 12(2)(g) of the Act, a transaction constitutes a “merger” where a firm acquires the ability to materially influence the policy of another firm.
60. Material influence may take a number of forms. In this case it takes the form of the acquisition of a right by MultiChoice to control the strategic direction of the SABC’s future broadcasting policy in the DTT environment through its ability to insist that the SABC broadcast *all* current and future FTA channels on an unencrypted basis and in a manner compatible with STBs supplied by MultiChoice.
61. The position under the Agreement must be juxtaposed to the position that applied before its conclusion, where the SABC acted independently of MultiChoice, and adopted a fundamentally different approach, supporting STB encryption capability – which would have enabled it to compete more effectively with MultiChoice in the DTT broadcast environment, and which would have been aligned with the DTT policy formulated by the Minister.
62. For MultiChoice the material influence that it acquires over the SABC is to its



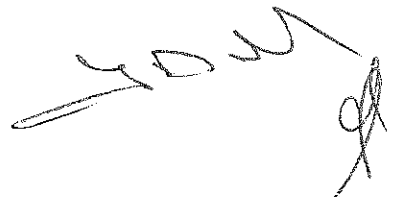
commercial benefit. By compelling the SABC to broadcast its FTA channels on an unencrypted basis, MultiChoice will be able to ensure that its M-Net DTT STBs are the gateway through which viewers in South Africa consume television, including FTA channels such as SABC1, SABC2, SABC3 and e.tv. This will enable MultiChoice to grow its subscriber base, and insulate it from future competition from the SABC and e.tv in the form of subscription television offerings that would compete with DStv and M-Net.

63. The influence that MultiChoice has acquired over the SABC's television broadcast business cannot be understated. Ms Bronwyn Keene-Young, former chief operating officer of e.tv, commented (correctly I submit) on this aspect of the Agreement in an article published by ScreenAfrica (attached marked "TM6") as follows:

"Having lost the battle in the government policy, MultiChoice has attempted to get its way – and subvert the policy [being the policy that broadcast signals should be encrypted] – by requiring the SABC to make an undertaking not to encrypt SABC1, SABC2 and SABC3 channels as a condition of MultiChoice funding the SABC's 24-hour news channel. Encryption on DTT for FTA channels is critical to the future viability of FTA broadcasting as a whole, including the local production sector which is primarily supported by the FTAs." (emphasis added)

- ii) **The acquisition of sole control of part of the SABC's programme archives**

64. I am advised that section 12(1)(a) of the Act defines a merger for the purposes of the Act as follows:



“12. Merger defined.—(1) (a) For purposes of this Act, a merger occurs when one or more firms directly or indirectly acquire or establish direct or indirect control over the whole or part of the business of another firm” (emphasis added).

65. The broad scope of the definition of a merger is also evident from section 12(1)(b) of the Act, which provides that:

“A merger contemplated in paragraph (a) may be achieved in any manner, including through -

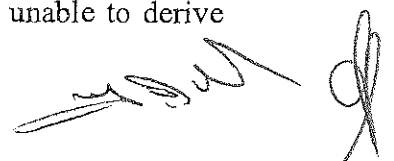
(i) purchase or lease of the shares, an interest or assets of the other firm in question; or

(ii) amalgamation or other combination with the other firm in question.” (emphasis added)

66. I am also advised that the question whether the acquisition of control over an asset constitutes the acquisition of a business or part of a business, is a question of fact, determined with reference to all the relevant facts.

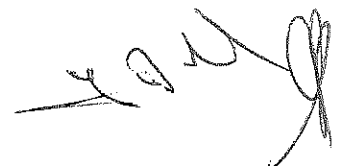
67. By virtue of its role as the South African national broadcaster, the SABC produces a very substantial amount of original content. The SABC’s proprietary programme archive constitutes a fundamentally important part of its broadcast television business.

68. Indeed, original programming content is one of the most important intangible assets of any broadcaster. Without content, broadcasters are unable to derive



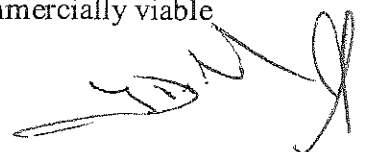
revenue from advertising, licensing or from subscribers. In the SABC's case, its original programming content constitutes a part of its business from which it derives revenue, primarily through advertising, and also through the on-sale (licensing) of programmes for broadcasting by third parties (including MultiChoice).

69. The SABC is thus able to derive advertising revenue from this content. Most importantly, in the new DTT multi-channel television broadcasting environment, the SABC will have access to multiple additional channels on which it can broadcast this content to the people of South Africa on a FTA basis. A highly attractive and compelling source of such content will be the SABC programme archives.
70. The SABC archive has significant strategic (and financial) value to MultiChoice as a competitor to the SABC. When DTT is launched in South Africa and the SABC itself and new entrants seek to offer content in the DTT environment, the opportunities available to the SABC to exploit its programme archive will grow immeasurably, as will the prospect of competition with MultiChoice.
71. In this regard, MultiChoice's acquisition of control over the SABC's programme archives for inclusion in the SABC entertainment channel will have a negative impact on the ability of the SABC and any other aspirant channel providers who wish to operate in the new DTT broadcasting environment to compete with MultiChoice. Were it not for the fact that MultiChoice has sole control over the SABC programme archive, the SABC and other third parties would be able to utilise this content to compete in the DTT broadcasting



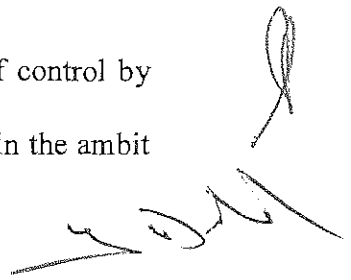
environment.

72. As is discussed above, Multichoice will, by virtue of its acquisition of sole control over the SABC programme archive, be able to capitalise on the value of the intellectual property of the SABC by attracting those viewers who can afford it, thereby giving MultiChoice a competitive advantage over SABC using SABC's own assets, enabling MultiChoice to grow its subscriber base at the expense of its competitors. This advantage is further entrenched by the provision in the Agreement (clause 12.5) that Multichoice will be permitted to advertise its services on the SABC channels.
73. In a multi-channel environment, which SABC will soon be entering, it is accepted practice for broadcasters to repeat-broadcast programming. This serves to lower the cost of programming and caters for viewers who may have missed a particular programme on its first screening. Indeed, when programmes are licensed from international studios, it is invariably stipulated how many re-broadcasts of the programmes may occur in a defined period, typically two to five years. Repeat screenings of the programming are then scheduled throughout the agreed period and the cost of the licence is amortised over the number of permitted screenings. Each screening allows the broadcaster to sell advertising, but with the cost of programming now being amortised over multiple screenings, the advertising revenue generated will more likely exceed the cost of the programming required to attract viewers.
74. This demonstrates the value of archive programming for a broadcaster trying to fill a number of television channels with programming on a commercially viable



basis. In particular, archive material is extremely valuable in that a broadcaster is able to repeat-broadcast it and amortise the cost over more than the initial screening and generate additional advertising revenue from a single piece of content. By exploiting programme archives it is far easier to operate profitably from the screening of first-run content only.

75. In October 2014, the SABC announced that it has invested in excess of R600 million on the production of original local content for just one year. I enclose a copy of the relevant press release marked "TM7". This underscores the importance of programming content as a critical part of its business, and the extent of its programme archive. The investment by the SABC in this asset is clear evidence of its importance to its business.
76. As I have explained above, MultiChoice's acquisition of control of this fundamental part of the SABC's business arises by virtue of the fact that MultiChoice can utilise the content forming part of this archive for its entertainment channel to the exclusion of anyone else, including the SABC, for a period of 5 years.
77. The Agreement places (sole) control of this asset in the hands of MultiChoice for that period. It will enable MultiChoice to increase its programme offering across its DStv platforms. This will in turn enable MultiChoice to expand its subscriber base further and to grow its market share at the expense of e.tv and the SABC.
78. It is for these reasons that the Agreement entails the acquisition of control by MultiChoice of a part of the SABC's business, which brings it within the ambit



of the definition of a merger for purposes of the Act.

79. The combined effect of the provisions of the Agreement referred to above is that the control of SABC's television business no longer vests solely in the SABC. As a result of the Agreement, Multichoice now has the ability to materially influence and control the strategic direction of the SABC business, insulating MultiChoice from effective competition in the current broadcasting environment, and the future DTT broadcasting environment. Multichoice will, pursuant to the Agreement, acquire control of a material part of the SABC's business, namely, part of its programme archives.

E THE MERGERS MEET THE THRESHOLDS FOR NOTIFICATION

80. I am advised that, as of 1 April 2009, the Commission must be notified of all intermediate mergers if the combined value of the acquiring and target firm's gross assets or turnover, or any combination thereof, equals or exceeds R560 million. In addition, the annual turnover or gross asset value of the target firm for the preceding financial year must be at least R80 million.
81. Where mergers meet the thresholds for notification, mandatory notification is required. In such circumstances, section 13A(1) of the Act provides that "*[a] party to an intermediate or a large merger must notify the Competition Commission of that merger, in the prescribed manner and form*".
82. Section 13A(3) of the Act underscores this obligation by providing that "*the parties to an intermediate or large merger may not implement that merger until it has been approved, with or without conditions, by the Commission in terms of*

section 14(1)(b), the Tribunal in terms of section 16(2) or the Competition Appeal Court in terms of section 17”.

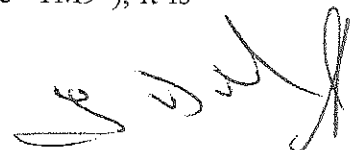
83. I submit that the acquisitions of control over parts of the SABC’s business meet the thresholds for mandatory notification. I say this for the following reasons:

83.1. First, insofar as the relevant terms of the Agreement give rise to an acquisition of material influence over the SABC’s television broadcasting business under section 12(2)(g), it is clear that the thresholds for notification are met.

83.2. The combined asset value or gross annual turnover of MultiChoice and the SABC for the 2012/2013 financial year (being the financial year preceding the conclusion of the Agreement) exceeds R560 million. This is evidenced by MultiChoice’s financial statements (attached marked annexure “TM8”) and the SABC’s financial statements for the same period (attached marked annexure “TM9”). Only the relevant extracts from TM8 and TM9 are attached so as to not unnecessarily burden these papers. A full version of these documents will be provided if necessary.

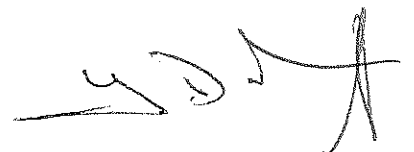
83.3. MultiChoice’s turnover for the 2012/2013 financial year is reflected on page 57 of its financial statements for that period as being in excess of R23 billion (with subscription revenue exceeding R16 billion of that amount). MultiChoice’s total assets for the period are reflected at page 8 of its financial statements as being valued in excess of R18 billion.

83.4. On page 85 of the SABC’s financial statements (annexure “TM9”), it is

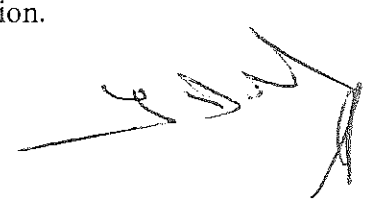


recorded that the SABC's revenue for the period exceeded R6 billion. On page 84, its total assets are reflected as exceeding R4 billion.

- 83.5. Secondly, insofar as the Agreement entails a transfer of part of the SABC's business (being the SABC's programme archives), the thresholds for notification are also met.
- 83.6. In this regard, clause 5.2 of the Agreement provides that 60% of the total consideration paid by MultiChoice in terms of the Agreement (which is an amount in excess of R500 million) is attributable to the entertainment channel, which in turn comprises the SABC programme archives. This means that the value of the programme archives being transferred in respect of the entertainment channel exceeds R300 million.
- 83.7. The SABC's financial statements for the 2012/2013 financial year (annexure "TM9") reflect that the total value attributable to intangible assets is R689 million (page 84) (of that approximately R231 million is attributed to acquired programme rights and a further R231 million for originated programme rights- page 103).
- 83.8. The fact that the value of the SABC programme archives that are the subject of the transaction will exceed R80 million is also evidenced by the SABC's investment in its programming. Based on the SABC's financial statements for 2012/2013, referred to above as annexure "TM8", the value of original programme, film and sports rights was in excess of R231 million.

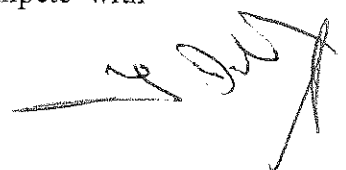


- 83.9. This is further evidenced by an article which was published on the website Techcentral on 4 June 2013 which I attach marked "TM10". The article refers to the amounts declared by Minister Pule to Parliament as being allocated for expenditure on local programming by the SABC in 2012, being an amount of R282 million, with an additional amount of R56 million allocated to children's programming.
- 83.10. The content produced in 2012 (and indeed in all other years in which the SABC produced content that falls within its programme archives) falls within the programme archives which are the subject of the transaction. The SABC began producing television content in 1976, and thus has nearly 40 years' worth of television programme archives. In the circumstances, I submit the SABC programme archives concerned must, particularly considering the SABC's significant investment in producing this content, have a value far in excess of the R80 million threshold.
- 83.11. The R560 million threshold is also met if regard is had to the combined turnover and assets of MultiChoice and the SABC (in this instance the value of the SABC programming archive as set out above). This is evidenced by the fact that MCSAH's turnover for the 2012/2013 financial year, being the year preceding the conclusion of the Agreement, is reflected on page 57 of its financial statements ("TM8") for that period as being in excess of R23 billion (with subscription revenue, mostly attributable to MultiChoice, exceeding R16 billion of that amount). Moreover, MCSAH's total assets for the period are reflected at page 8 as being valued in excess of R18 billion.



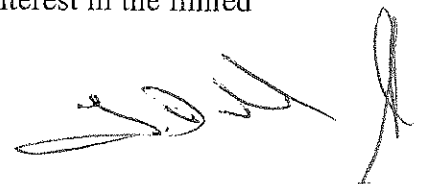
F STANDING AND JURISDICTION**(i) Standing and competition concerns**

84. In April 2014, the Independent Communications Authority of South Africa (“ICASA”) requested the Commission to investigate the Agreement. I attach a copy of ICASA’s press release in this regard marked “TM11”. I also attach two press releases in this regard marked “TM12” and “TM13”, respectively. Notwithstanding this request, I am not aware that the Commission has taken any steps to do so and, in particular, I am not aware of any steps which the Competition Commission has taken to ensure that the acquisitions of control by Multichoice over parts of the SABC’s business were notified to the Competition Commission.
85. I respectfully submit that the applicants have the requisite standing to bring this application. The issue of standing as regards the MMA and SOS is dealt with in the affidavit of Mr William Bird filed herewith. As regards Caxton, I submit that it has standing to bring this application.
86. Caxton competes directly with a number of Naspers’s media interests. The most direct competition occurs between Caxton and Naspers’s 85% owned print media subsidiary, Media24 (Proprietary) Limited (“Media24”). This competition takes place in the markets for advertising in print media, radio, and other forms of digital media. Caxton and Naspers’ various subsidiaries compete for advertising spend across their various platforms.
87. MultiChoice links to various digital internet platforms which compete with



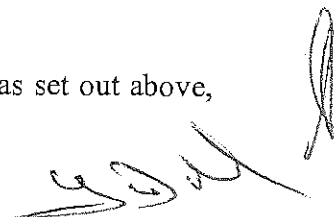
Caxton. Both MultiChoice and Caxton are providers of news media and operate or support their own respective group's internet and e-commerce offerings. One need look no further than to the sports news carried on the internet by SuperSport (MultiChoice) and by The Citizen (Caxton).

88. Furthermore, DStv offers Media24's digital news service, News24.com, as a screen text offering. Caxton competes with News24.com not only through its traditional print media assets but also through its internet based offerings such as Citizen.co.za and approximately 80 internet sites of Caxton's local newspapers. Each of the news channels carried by MultiChoice has a digital internet news offering. News video clips are carried on television and on the internet. As I have set out above, the Agreement that is the subject of this application also includes the provision of a 24-hour news channel to MultiChoice by the SABC.
89. In the ever-changing world of technology, media is rapidly converging. It is no longer possible to confine different types of media to their own vertical platforms. The digital platforms of all media types compete for audiences and advertising. Caxton competes with various Naspers subsidiaries such as MultiChoice in the converged digital media space.
90. MultiChoice provides digital content to customers by way of linear broadcast television, as well as by way of video on demand downloads. These downloads compete with the providers of filmed entertainment to the public by way of DVD. Caxton is a manufacturer and distributor of filmed entertainment products by way of DVD. As such, Caxton has a direct competitive interest in the filmed



entertainment market in which MultiChoice operates.

91. Naspers cross-subsidises a number of its print media assets (with which Caxton competes) with revenue generated from its television assets, including MultiChoice. In its 2013 financial year, Naspers had an outstanding shareholder loan to its printed media subsidiary, Media24 Proprietary Limited and its direct holding company, in the order of R1.077 billion. In that year, as part of its subsidisation of the printed media, Naspers wrote off this loan. This is a clear example of a cross-subsidisation. I attach the relevant page from Naspers's financial statements reflecting this marked "TM14".
92. Caxton is also a direct potential competitor to MultiChoice's DStv offering. It has received approaches from entities seeking to form strategic partnerships with Caxton in the television/video content sector. As the opportunities for DTT are realised, there will be further potentially attractive opportunities in this sector, provided the standard for DTT is based on encryption, as previously supported by the SABC, and provided there is content (such as the SABC's programme archives) that is available to be licensed.
93. Caxton will have the opportunity to participate in the new broadcasting opportunities that arise from the migration to DTT, and the spectrum and multiplexes (a necessary part of the DTT migration process) that will become available in due course. A further benefit will be increased access to broadband internet for the public, and the creation of opportunities for content providers, which Caxton wishes to exploit with its existing internet offerings.
94. By obtaining control over those parts of the SABCs' business as set out above,

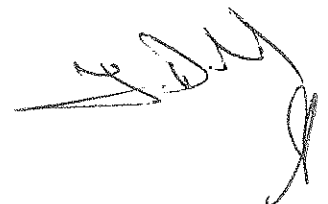


MultiChoice has acquired the ability to limit future competition to its subscription offering. It is also able to limit the amount of programming that will be accessible to other broadcasters (including the SABC itself) for broadcast in the new multichannel DTT environment. MultiChoice has, through the Agreement, also acquired material influence over the SABC such that it is able to insist that the SABC, contrary to its previous strategy, is now compelled to deliver the signals for all of its present and future channels in a format that is not encrypted, and that is accessible on STBs supplied by MultiChoice via M-Met.

95. Had MultiChoice notified the acquisitions of control that arose from the Agreement, as they were obliged to do in terms of the Act, then the competition authorities could have assessed the extent to which they result in a substantial prevention or lessening of competition in the relevant markets.

(ii) Jurisdiction

96. I respectfully submit that the Tribunal has the requisite jurisdiction to hear and determine applications in which a party seeks an order directing parties to a notifiable merger to duly notify that merger in circumstances where they previously failed to do so.
97. I am advised that, section 27(1)(d) of the Act confers jurisdiction on the Tribunal to hear applications in which it is called upon to make any ruling or order that is necessary or incidental to the performance of its functions under the Act.



98. The Act empowers the Tribunal to adjudicate upon mergers. Parties to intermediate and large mergers are prohibited from implementing them until such time as they are approved by the Commission, or by the Tribunal.
99. It is a necessary incident of the Tribunal's jurisdiction in relation to mergers that it has the power to compel parties to notify transactions that constitute notifiable mergers to the Commission where the parties have not done so.

G RELIEF SOUGHT

100. The applicants seek an order directing that MultiChoice and the SABC notify the acquisitions of control over parts of the SABC's business to the Commission as a merger, as per the relief sought in the notice of motion to which this affidavit is attached.

WHEREFORE, I respectfully pray that the Tribunal grant the relief contained in the notice of motion filed herewith.



TERRENCE DESMOND MOOLMAN

I certify that—

- (a) the deponent—
- (i) acknowledged that he knows and understands the contents of this declaration;
 - (ii) informed me that he does not have any objection to taking the



prescribed oath;

(iii) informed me that he considers the prescribed oath to be binding on his conscience;

(b) the deponent then uttered the words, 'I swear that the contents of this declaration are true, so help me God';

(c) the deponent signed this declaration in my presence at ROSEBANK..... on the 13TH day of February 2015.

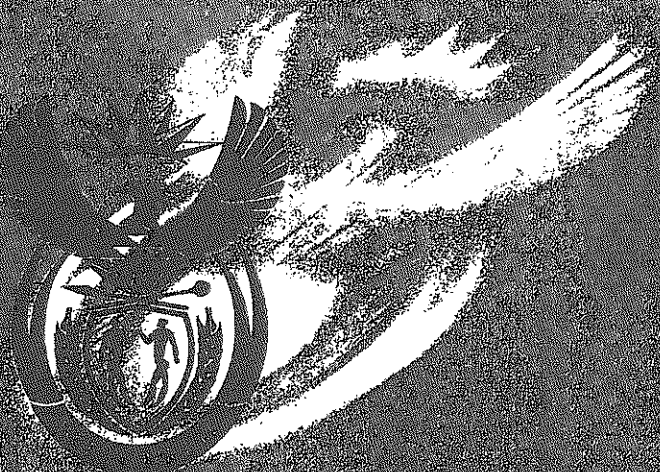
COMMISSIONER OF OATHS

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Designation: PRACTISING ATTORNEY RSA

"TMI"



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CONTENTS · INHOUD

No.

Page Gazette
No. No.

GOVERNMENT NOTICE

Communications, Department of

Government Notice

97 Electronic Communications Act (36/2005): Amendment of Broadcasting Digital Migration Policy issued under Government Gazette No. 31408 on 8 September 2008

3 35014

GOVERNMENT NOTICE

DEPARTMENT OF COMMUNICATIONS

No. 97

7 February 2012

MINISTER OF COMMUNICATIONS**ELECTRONIC COMMUNICATIONS ACT, 2005 (ACT NO. 36 OF 2005)
AMENDMENT OF BROADCASTING DIGITAL MIGRATION POLICY ISSUED
UNDER GOVERNMENT GAZETTE NO. 31408 ON 08 SEPTEMBER 2008**

I, Dina Pule, Minister of Communications, hereby amend the Broadcasting Digital Migration Policy issued in Government Gazette No. 31408 on 08 September 2008, to the extent indicated below taking into consideration submissions made by stakeholders on the amendments proposed by the Department of Communications in August 2011:

1. Substitution of paragraphs 3 and 8 of the Table of Contents of the Policy

The following paragraphs are hereby substituted for paragraphs 3 and 8 of the Table of Contents of the Policy:

"3. ACCELERATED DUAL ILLUMINATION PERIOD, ACCELERATING THE BENEFITS OF DIGITAL TV

3.1 Digital switch-on and analogue switch-off";

"8. IMPLEMENTING THE MIGRATION TO DIGITAL

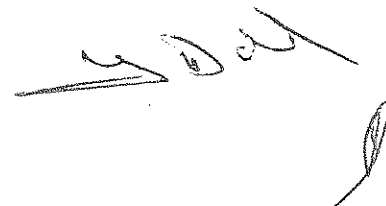
The Establishment of the Digital Migration Project Office".

2. Substitution of List of Acronyms of the Policy

The following List of Acronyms is hereby substituted for the List of Acronyms of the Policy:

"List of Acronyms

DCGHS	Digital Content Generation Hubs
DMWG	Digital Migration Working Group
DOC	Department of Communications
DTH	Direct to Home
DTT	Digital Terrestrial Television
DVB	Digital Video Broadcasting



DVB-S2	Digital Video Broadcasting - Satellite - Second Generation
DVB-T2	Digital Video Broadcasting – Second Generation Terrestrial
ECA	Electronic Communications Act
ICASA	Independent Communications Authority of South Africa
ICT	Information and Communications Technology
ITU	International Telecommunications Union
ITU-RRC	International Telecommunications Union – Regional Radio Conference
MPEG	Moving Picture Experts Group
MPEG-4	Improved compression technology developed by Motion Picture Experts Group currently being introduced globally for digital broadcasting
NGP	New Growth Path
NEPAD	New Partnership for Africa's Development
SADC	Southern African Development Community
STB	Set-Top Box
USAF	Universal Service and Access Fund".

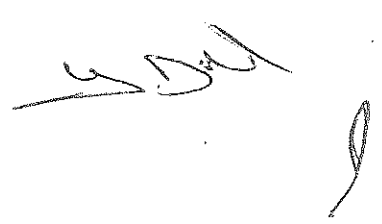
3. Substitution of paragraphs 2 and 4 of the Foreword by the Minister of the Policy

The following paragraphs are hereby substituted for paragraphs 2 and 4 of the Foreword by the Minister of the Policy:

"This Broadcasting Digital Migration (BDM) policy sets our parameters of migrating the country's broadcasting from analogue to digital. The policy therefore provides the framework for migrating the country's broadcasting systems from analogue to digital and meeting the ITU resolution that all countries in Region 1 should complete their migration by 17 June 2015. The policy is an outcome of a strong collaboration between government and industry and their firm commitment in building a people-centred and inclusive information society, thus improving the lives of our people.";

"I hereby publish this policy to inform and guide the migration process, especially the dual illumination period. Further policy work will be undertaken as part of the broadcasting policy and digital dividend review.

In conclusion, the time to migrate to digital broadcasting system has inevitably arrived. We need to embrace it because it is a major step in improving our people's lives and I sincerely hope that this policy is a bold step in our quest to achieve that goal. The looming switch-on date in the last quarter of 2012 requires us to work at the speed of light, consistent with our business unusual strategy to enhance the benefits of digital television to all our people."



4. Substitution of subparagraphs 4, 6, 8 and 9 of paragraph 1 of the Executive Summary of the Policy

The following subparagraphs are hereby substituted for subparagraphs 4, 6, 8 and 9 of paragraph 1 of the Executive Summary of the Policy:

"The key benefit of digital broadcast technologies is that they use scarce national radio frequency spectrum far more efficiently than analogue technologies. This means that existing broadcasting services can be provided using less of the radio frequency spectrum they currently occupy. This enables additional capacity to deliver a diverse range of programmes in a range of different languages that meet the information, cultural and educational needs of audiences. Digital broadcasting also facilitates the delivery of e-government services, and provides opportunities for investment and job creation. In this way broadcasting digital migration can directly contribute to achieving the objectives of the New Growth Path."

"Digital migration begins with the 'switch-on' of broadcasting digital transmission signals and ends with the 'switch-off' of analogue ones. Until analogue switch-off occurs there is a period of 'dual illumination' during which both analogue and digital services are simultaneously broadcasted."

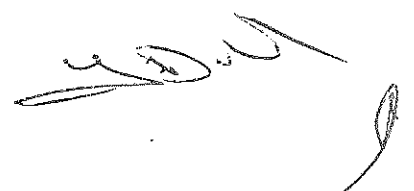
"For the digital migration process in South Africa to be successful it is necessary to have a clear government policy and implementation plan. Also critical is the co-operation of all the relevant stakeholders working together with government. Given the country's socio-economic status, it may also be necessary to consider incentive schemes to support a significant number of households."

5. Substitution of subparagraphs 1, 2, 3, 4, 7, 8 and 9 of paragraph 2 of the Executive Summary of the Policy

The following subparagraphs are hereby substituted for subparagraphs 1, 2, 3, 4, 7, 8 and 9 of paragraph 2 of the Executive Summary of the Policy:

"We will endeavor to switch-on the digital terrestrial television signal in the last quarter of 2012. The date for switch-off of the analogue terrestrial signal will be determined by the Minister of Communications after engaging with the Cabinet and relevant broadcasting sector stakeholders."

National broadcasting digital signal coverage shall be extended in a phased manner, covering 74 percent of the population by early 2012 and 95 percent by the end of 2013. Areas that may be deemed difficult or uneconomical to reach will be covered by DTH satellite using the DVB-S2 technology, or any new technology to be determined by the Minister in policy."



During the dual illumination period, two (2) national multiplexes will be prioritised for public, commercial as well as community broadcasting services. Although the digital migration process focuses on incumbent broadcasters, especially the free to air services, government continues to be committed to increasing diversity of ownership and content of the broadcasting sector and facilitating the development of a dynamic, competitive environment.

In this regard, ICASA, shall, taking into account its powers and mandate as set out in relevant legislation explore how to best introduce new services and licensees to facilitate such diversity. The increased capacity and spectrum availability given the introduction of DTT provides an opportunity for the licensing of new pay television service providers in the short term, and new free to air services in the medium to long term. Competition is needed to achieve a range of national policy imperatives including consumer choice, economic empowerment, promote domestic and foreign investments.

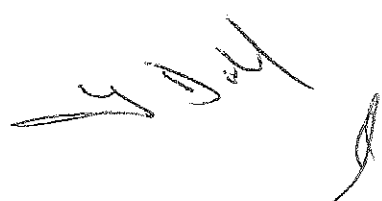
Sentech shall provide signal distribution services to the public broadcasting and community services as the common carrier on a non-preferential and non-discriminatory basis.”;

ICASA will also ensure that Community TV services are accommodated in the existing multiplexes. The community broadcasting sector has an important role to play in fostering social and economic development at the local level.

Two metropolitan networks of frequencies designated for the provision of mobile broadcasting services will be made available.

The following Technical Standards are approved:

- DVB-T2 (EN 300 755) is adopted as the national standard for broadcasting digital terrestrial television in South Africa.
- DVB-S2 (EN 300 421) is adopted as the national standard for broadcasting digital satellite television in South Africa.
- MPEG-4 is adopted as the compression standard for South Africa's Digital Terrestrial Television (DTT) rollout, while existing direct-to-home (DTH) services continue to use MPEG-2 with the option to migrate to MPEG-4 when commercially viable.



6. Substitution of paragraphs 1.1.5 and 1.1.10 of the Policy

The following paragraphs are hereby substituted for paragraphs 1.1.5 and 1.1.10 of the Policy:

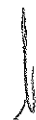
"1.1.5 The key benefit of digital broadcasting is that it uses the scarce national radio frequency spectrum far more efficiently than analogue technologies. This means that existing and additional broadcasting services can be provided using less radio frequency spectrum than they currently occupy.";

"1.1.10 For the digital migration process in South Africa to be successful within the dual illumination or transitional period, it is necessary to have a clear Implementation Plan. Also critical is the co-operation of all relevant stakeholders working together with the public."

7. Substitution of subparagraphs (b), (c), (d), (h), (i) and (j) of paragraph 1.2.3 of the Policy

The following subparagraphs are hereby substituted for subparagraphs (b), (c), (d), (h), (i) and (j) of paragraph 1.2.3 of the Policy:

- "b) create an environment for the uptake of digital terrestrial television by TV owning households, including the poor;
- c) ensure a future for existing broadcasting services and introducing new services, taking into account the gaps related to programming of provincial content as well as parliamentary and government information, especially for the poor;
- d) give effect to the decision to implement digital migration within a Cabinet approved dual illumination period;"
- "h) facilitate the development of a world-class and sustainable South African electronic manufacturing industry;
- i) facilitate the development of the creative industries;
- j) promote fair competition in the television broadcasting industry; and
- k) provide for the establishment of the Digital Migration Project Office to manage and monitor the implementation of digital migration in South Africa."



8. Substitution of subparagraph (c) of paragraph 1.4.1 of the Policy

The following subparagraph is hereby substituted for subparagraph (c) of paragraph 1.4.1 of the Policy:

“c) better picture quality with an option of High Definition Technology; and,”.

9. Substitution of paragraphs 2.1.3, 2.1.4 and 2.2.1 to 2.2.4 of the Policy

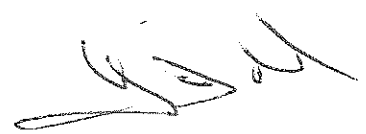
The following paragraphs are hereby substituted for paragraphs 2.1.3, 2.1.4 and 2.2.1 to 2.2.4 of the Policy:

“2.1.3 Universal Service and Access and the availability and accessibility of broadcasting services to all citizens is a key component of successful digital migration. In order for households to continue to receive television services on their current analogue TV sets after the analogue signal is switched off, Set-Top-Boxes (STBs), which convert the digital signals into analogue signals, are required. The total TV-owning households in SA are estimated at 11.5 million, of which approximately 72 percent rely exclusively on free-to-air broadcasting services. Of these 11.5 million TV households, about 5 million are poor households who would find it very difficult to afford STBs.

2.1.4 Government has decided, as a matter of policy, to consider finding the means to make STBs affordable and available to the poorest TV-owning households. This support by Government should be seen as part of its commitment to bridging the digital divide in South Africa. The Government has therefore decided, as mandated by section 88 (1) (a) of the Electronics Communications Act (ECA), to subsidise poor TV households through the Universal Service and Access Fund (USAF). In supporting the South African bid to host the Square Kilometre Array (SKA), government will also subsidise affected communities using satellite technology. The government will also consider extending the incentive schemes to households that can only experience free-to-air digital services via DTH platform, to ensure close to 100% coverage, which include the following signal distribution realities:

- a) Self help Stations;
- b) Low Power Stations;
- c) Northern CAPE Astronomy Geographic Advantage Act 21 of 2007; and
- d) Areas that may be deemed difficult or uneconomical.

2.1.5 Given the particular South African context, STBs will accommodate and facilitate special features which enable access to e-government services for all citizens.



- 2.1.6 Digital broadcasting also enables the provision of services in a multiplicity of languages, and for increased access by people with disabilities, in line with Government's vision for broadcasting set out in relevant policies and legislation. STBs should accommodate features which enable greater access and the regulator should take such national objectives into account when licensing new channels and services."
- "2.2.1 The South African Government has adopted the New Growth Path and Industrial Policy Action Plan. These initiatives aim to guide and improve the country's economic growth.
- 2.2.2 The ICT sector is one of the sectors identified as having the potential to contribute to the achievement of these policies and initiatives objectives through infrastructure roll-out, reducing cost of doing business, small business development and contributing to creating a macro-economic climate conducive for economic growth.
- 2.2.3 Globally, poverty is associated with low access to information and knowledge. Government therefore regards greater information and communication flows within and between communities and regions as an important tool in the war against poverty in South Africa. The digital divide is to some extent a cause as well as a consequence of poverty."

10. Substitution of paragraph 2.5.5 of the Policy

The following paragraph is hereby substituted for paragraph 2.5.5 of the Policy:

- "2.5.5 As part of contributing to the objectives of NGP through enhancing global excellence in the manufacturing of electronic goods, the manufacturing of STBs locally will be implemented within the context of the National Industrial Policy Framework."

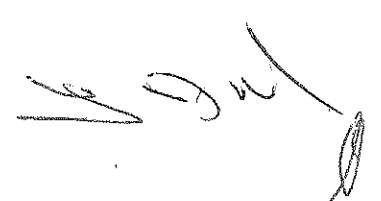
11. Substitution of heading of paragraph 3 of the Policy

The following heading is hereby substituted for the heading of paragraph 3 of the Policy:

- "3 ACCELERATED DUAL ILLUMINATION PERIOD, ACCELERATING THE BENEFITS OF DIGITAL TV".**

12. Substitution of paragraphs 3.3.1 and 3.3.2 of the Policy

The following paragraphs are hereby substituted for paragraphs 3.3.1 and 3.3.2 of the Policy:



3.3.1 Government is committed to meet the deadline for analogue switch off by 17 June 2015 in line with the relevant ITU the resolution. Taking into account the different processes which need to be completed before digital switch-on, Government has decided that the digital signal should be switched on by the end of the 2012/2013 financial year. A final date for the commencement of the dual illumination period will be announced by the Minister of Communications after engaging with Cabinet and all relevant stakeholders, including the broadcasting industry. The date for the final switch-off of the analogue signal will similarly be announced by the Minister of Communications after engaging with Cabinet and other relevant stakeholders and assessing the extent of take up by audiences of the necessary equipment to facilitate universal access to broadcasting services.

3.3.2 The Government recognizes that the aggressive dual illumination period in South Africa will be a significant challenge. However, this shorter period provides a range of national benefits, including the following:

- a) The best economic outcome through bringing forward the digital dividend and reducing cost duplication during the transitional period;
- b) Opportunity to meet the global ITU-RRC agenda for digital migration;
- c) Bridging the 'digital divide' between technology haves / and have-nots; and
- d) Support for the emerging digital broadcasting industry in terms of the deployment of new services, content and equipment."

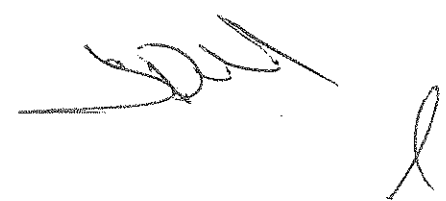
13. Substitution of paragraphs 5.1.2.6, 5.1.2.7, 5.1.3.1 and 5.1.3.2 of the Policy

The following paragraphs are hereby substituted for paragraphs 5.1.2.6, 5.1.2.7, 5.1.3.1 and 5.1.3.2 of the Policy:

"5.1.2.6 include a unique identifier to enable communication with each individual STB;

5.1.2.7 include a STB control system that will protect the investment by government in its STB subsidy scheme, as well as the electronic manufacturing industry. A robust STB control will also benefit consumers by ensuring that they do not have to own multiple boxes. Government believes that the needs of consumers should be at the forefront of the DTT process; The STB control system provided will be interoperable with other systems; and

5.1.2.8 enable access to a secure bootloader mechanism by a government entity or agency or any entity so designated by government to ensure access to the STB control system by future broadcasting licensees on the DTT platform."



“5.1.3.1 DVB-T2 (EN 300 755) is adopted as the national standard for terrestrial digital television broadcasting in South Africa. DVB is reported to be the fastest growing DTT platform in Europe and other parts of the world. Many governments have started to plan for analogue switch-off and DVB-T2 has become the de facto standard, which has been adopted by the whole of the ITU Region 1 comprising Europe, Middle East and Africa.

5.1.3.2 DVB-S2 (EN 300 421) is adopted as the national standard for digital satellite television in South Africa.

5.1.3.3 MPEG-4 is adopted as the compression standard for South Africa's DTT rollout.”

14. Amendment of paragraph 5.1 of the Policy

Paragraph 5.1 of the Policy is hereby amended by the insertion of the following paragraph after paragraph 5.1.3:

“5.1.4 The national standard will include a robust STB Control System to ensure that only conformant Set Top Boxes can work in the electronic communications network in South Africa.”

15. Substitution of paragraphs 6.1.8, 6.1.10 and 6.1.11 of the Policy

The following paragraphs are hereby substituted for paragraphs 6.1.8, 6.1.10 and 6.1.11 of the Policy:

“6.1.8 This Policy contemplates that about sixteen (16) standard definition digital channels will be created per radio frequency currently assigned to one analogue channel.”

“6.1.10 Government is committed to development of the three tier broadcasting system. In particular, government intends to use the opportunity brought by DTT to facilitate the development of Community TV. Accordingly, community TV shall be accommodated in the existing DTT multiplexes. This will also ensure that all analogue frequencies allocated to community TV services are cleared to facilitate the smooth migration process.

6.1.11 In line with ITU recommendations, part of the digital dividend will be set aside for mobile communications services. In addition, government will consider opportunities to facilitate the introduction of Video on Demand and digital audio broadcasting services.



6.1.12 In terms of the Broadcasting Act, the network of radio frequencies dedicated for public broadcasting shall be co-assigned to and managed by Sentech as the common carrier on a non-preferential and non-discriminatory basis. Sentech must also provide broadcasting signal distribution to commercial broadcasters, taking into consideration that the ECA allows for self provisioning by broadcasters. Such services shall also be provided on non-preferential and non-discriminatory basis."

16. Substitution of paragraph 7.1 of the Policy

The following paragraphs are hereby substituted for paragraph 7.1 of the Policy:

"7.1. The rollout of the digital transmission network shall be conducted in a phased manner.

7.2 Transmission facilities for MUX 1, or any multiplex allocated for the public broadcaster, shall aim to cover 74 percent of the population by early 2012 and close to 95 percent by late 2013, thus enabling analogue switch-off in South Africa. Areas that are difficult to reach will be covered through DTH by satellite means.

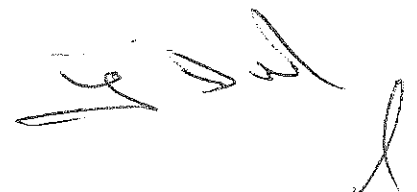
7.3 The coverage requirements for transmitters for MUX 2 will be based on the broadcasters' "license conditions."

17. Substitution of paragraphs 8.1 and 8.2 of the Policy

The following paragraph is hereby substituted for paragraphs 8.1 and 8.2 of the Policy:

"The Establishment of the Digital Migration Project Office

The Policy provides for the establishment of a Digital Migration Project Office (DMPO) within the Department. Key among its functions include: provision of project management and monitoring services to the Digital Migration Programme, liaison with relevant stakeholders, including ICASA and STBs manufacturers, monitoring the implementation of policies and plans and providing regular reports to the Minister of Communications."




18. Substitution of paragraph 9.1 of the Policy

The following paragraph is hereby substituted for paragraph 9.1 of the Policy:

"9.1 This Policy is guided by the unique challenges that the country faces. In addressing these challenges, the Policy seeks to enable South Africa to emerge as a global leader in harnessing ICTs for socio-economic development. This Policy will assist the Government to meet its commitments to the people of South Africa as well as to the global community, especially the developing world."



**MS DINA PULE, MP
MINISTER OF COMMUNICATIONS**



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SABC supports position of 'no' conditional access for DTT set-top boxes | Friday 1 November 2013 08:30

Johannesburg, Thursday 31 October 2013 - The South African Broadcasting Corporation (SABC), as the only public service broadcaster in the country is officially announcing its position on the issue of whether or not Digital Terrestrial Television (DTT) set-top boxes should have conditional access. As a public service broadcaster, we have taken the decision not to support conditional access of set-top boxes, as this is the most suitable option for us as a free-to-air broadcaster.

This decision was based on the fact the SABC has a mandate to make its services available to all South African citizens, in line with Universal Access. Our services, both television and radio have always been on a free to air basis and going forward this will also be the case for DTT.

It is in the SABC's interest that any subscription DTT Set Top Box (STB) is capable of also receiving the SABC Free to Air (FTA) channels. In this case any DTT subscriber would not have to purchase an additional FTA STB in order to receive the SABC FTA DTT channels.

If the SABC channels were encrypted on DTT by means of a particular encryption system that is different to that of particular subscription service, this DTT STB would not have the ability to receive the SABC channels. In addition, having a set-top box with conditional access would put an extra burden on consumers, as this would drive up the cost of the set-top box.

Research through benchmarking with other public broadcasters across the world, also strengthened our decision, as they do not have conditional access on their services either, which is a standard practice. It must be noted that conditional access is predominantly used by Pay-TV operators.

The SABC is ready to launch its DTT service, as the infrastructure, content and all other necessary resources are in place. The service will provide television channels SABC 1, 2, 3, as well as the 24-Hour News Channel, which is currently being broadcast on Dstv channel 404. The SABC will also launch an Entertainment channel on the DTT platform.

The SABC's Group Chief Executive Officer (GCEO) Ms. Lulama Mokhobo said "This was not a decision taken lightly and all sides of the matter had to be carefully considered. However at the end of the day, whatever we do as a public service broadcaster, we must ensure that it is in the interest of the public and we believe that having no conditional access will mean that no South African can ever be denied their right to access of broadcasting services in this country".

Media release issued by: Group Communications.
Media Enquiries: Kaizer Kganyago. Cell: 082 306 8888.



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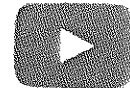
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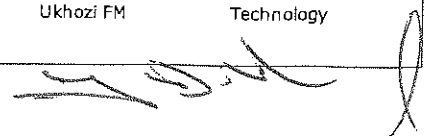


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MULTI CHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED
(Registration number 2006/015293/07)
Group annual financial statements
for the year ended 31 March 2014

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MULTICHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED

(Registration number 2006/015293/07)

Group Annual Financial Statements for the year ended 31 March 2014

General Information

Country of Incorporation and domicile	South Africa
Nature of business and principal activities	Pay-television and internet subscriber platforms
Directors	DG Eriksson FG Sampson FLN Letele JJ Volkwyn JP Bekker - resigned 31 March 2014 KB Sibiya KD Moroka MI Patel S Dakile-Hlongwane SJZ Pacak T Vosloo - resigned 31 March 2014 B van Dijk - appointed 2 April 2014 T Jacobs - appointed 2 April 2014
Registered office	251 Oak Avenue Randburg 2194
Postal address	P O Box 1502 Randburg 2125
Holding company	MIH Holdings Proprietary Limited
Ultimate holding company	Naspers Limited
Auditors	PricewaterhouseCoopers Inc.
Secretary	LJ Klink



MULTICHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED

(Registration number 2008/015293/07)

Group Annual Financial Statements for the year ended 31 March 2014

Prominent Notice

These annual financial statements have been audited by our external auditors PricewaterhouseCoopers Inc. in compliance with the applicable requirements of the Companies Act, 2008. Tim Jacobs (Group Chief Financial Officer) supervised the preparation of the annual financial statements.

The reports and statements set out below comprise the group annual financial statements presented to the shareholders:

Index	Page
Audit Committee Report	3 - 4
Directors' Responsibilities and Approval	5
Directors' Report	6 - 7
Company Secretary's Certification	8
Independent Auditor's Report	9
Group Statement of Financial Position	10 - 11
Group Statement of Comprehensive Income	12
Group Statement of Changes in Equity	13
Group Statement of Cash Flows	14
Group and Company Accounting Policies	15 - 38
Notes to the Group Annual Financial Statements	39 - 81
Company Statement of Financial Position	82
Company Statement of Comprehensive Income	83
Company Statement of Changes in Equity	84
Company Statement of Cash Flows	85
Notes to the Company Annual Financial Statements	86

MULTICHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED

(Registration number 2006/015283/07)

Group Annual Financial Statements for the year ended 31 March 2014

Audit Committee Report

1. Members of the Audit Committee

The members of the audit committee are all independent non-executive directors of the company and include:

Name of committee member	Qualifications
DG Eriksson	Chartered Accountant (SA)
FG Sampson	Bachelor of Science Bachelor of Business Management & Administration with Honours
S Dakile-Hlongwane	Master of Business Management & Administration Bachelor of Economics and Statistics Master of Development Economics

The committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act 71 of 2008 and Regulation 42 of the Companies Regulation, 2011.

2. Meetings held by the Audit Committee

The audit committee performs the duties laid upon it by Section 94(7) of the Companies Act 71 of 2008 by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors.

The audit committee meets at least three times per annum in accordance with the charter. All members act independently as described in section 94 of the Companies Act. During the year under review the following four meetings were held:

Date of meeting	Attendee's
28 May 2013	DG Eriksson (Chairman) and FG Sampson attended
4 September 2013	DG Eriksson (Chairman), FG Sampson and S Dakile-Hlongwane attended
31 October 2013	DG Eriksson (Chairman), FG Sampson and S Dakile-Hlongwane attended
5 March 2014	DG Eriksson (Chairman), FG Sampson and S Dakile-Hlongwane attended

3. External auditors

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act 71 of 2008 and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act 71 of 2008 that internal governance processes within the firm support and demonstrate the claim to independence.

The audit committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

4. Functions of the audit committee

The audit committee has adopted formal terms of reference, delegated to it by the board of directors, as its audit committee charter. The audit committee has discharged the functions in terms of its charter and ascribed to it in terms of the act as follows:

- Reviewed the year-end financial statements, culminating in a recommendation to the board to adopt them, in the course of its review the committee;
- took appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa;
- considered and, when appropriate, made recommendations on internal financial controls;
- dealt with concerns or complaints relating to accounting policies, internal audit, the auditing or content of annual financial statements, and internal financial controls; and
- reviewed legal matters that could have a significant impact on the organisation's financial statements;
- Reviewed external audit reports on the annual financial statements;

MULTICHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED

(Registration number 2008/016293/07)

Group Annual Financial Statements for the year ended 31 March 2014

Audit Committee Report

- Reviewed the internal audit and risk management reports and, where relevant, recommendations being made to the board;
- Evaluated the effectiveness of risk management, controls and the governance processes;
- Verified the independence of the external auditors and nominated PricewaterhouseCoopers Inc. as the auditors for 2014 and noted the appointment of Ms SN Medikane as the designated auditor;
- Approved audit fees and engagement terms of the external auditors;
- Determined the nature and extent of allowable non-audit services and approved contract terms for the provision of non-audit services by the external auditors.

5. Discharge of responsibilities

The committee determined that during the financial year under review it had discharged its legal and other responsibilities as outlined in terms of its remit, details of which are included on page 3 of this report. The board concurred with this assessment.

6. Internal Audit

The audit committee fulfils an oversight role on the group's financial statements and the reporting process, including the systems of internal financial control. It is responsible for ensuring the internal audit function is independent and has the necessary resources, standing and authority in the organisation to enable it to discharge its duties. Furthermore, the committee oversees cooperation between the internal and external auditors, and serves as a link between the board of directors and these functions.

7. Confidential meetings

Audit committee agendas provide for confidential meetings between the committee members and the internal and external auditors.

8. Expertise and experience of finance function

The committee satisfied itself that the composition, experience and skills set of the finance function met the group's requirements.



DG Erikson
Chair: Audit Committee
Johannesburg
08 June 2014

MULTICHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED

(Registration number 2008/015283/07)

Group Annual Financial Statements for the year ended 31 March 2014

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the group annual financial statements and related financial information included in this report. It is their responsibility to ensure that the group annual financial statements fairly present the state of affairs of the company and the group as at the end of the financial year and the results of their operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC), interpretations issued and effective at the time of preparing these financial statements. The external auditors are engaged to express an independent opinion on the group annual financial statements.

The group annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC); interpretations issued and effective at the time of preparing these financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

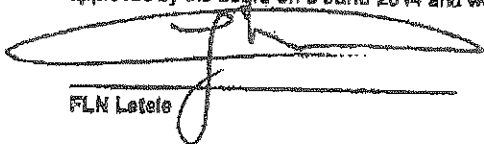
The directors acknowledge that they are ultimately responsible for the systems of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the systems of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the group annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2015 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

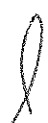
The external auditors are responsible for independently auditing and reporting on the company's group annual financial statements. The group annual financial statements have been examined by the company's external auditors and their report is presented on page 9.

The group annual financial statements set out on pages 10 to 86, which have been prepared on the going concern basis, were approved by the board on 6 June 2014 and were signed on its behalf by:


FLN Latefe


MI Patel





MULTICHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED

(Registration number 2006/015293/07)

Group Annual Financial Statements for the year ended 31 March 2014

Directors' Report

The directors have pleasure in submitting their report on the group annual financial statements of Multichoice South Africa Holdings Proprietary Limited and its subsidiaries, associates and joint ventures for the year ended 31 March 2014.

1. Nature of operations

Multichoice South Africa Holdings Proprietary Limited ("MCSAH") was incorporated on 19 May 2008 under the laws of the Republic of South Africa. The principal activities of MCSAH and its operating subsidiaries, joint ventures and associated companies (collectively "the group") are the operation of pay-television and internet subscriber platforms. These activities are conducted primarily in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. Operating and financial review

The group annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year, with the exception of new standards required to be adopted in terms of IFRS. For further details refer to note 2 on page 39.

The Group recorded a net profit after tax for the year ended 31 March 2014 of R 6 296 million. This represented an increase of 36% from the net profit after tax of the prior year of R4 637 million.

Group revenue increased by 15% from R23 887 million in the prior year to R27 465 million for the year ended 31 March 2014.

Group cash flows from operating activities increased by 4% from R5 954 million in the prior year to R6 128 million for the year ended 31 March 2014.

3. Share capital

The authorised share capital at 31 March 2014 was 3 000 000 000 at R0.0001 each. Refer to note 17 for details of issued share capital. There have been no changes to the authorised or issued share capital during the year under review.

4. Directorate

The company's directors are as follows:

DG Eriksson
FG Sampson
FLN Letele
JJ Volkwyn
JP Bekker - resigned 31 March 2014
KB Sibiya
KD Moroka
MI Patel
S Dakile-Hlongwane
SJZ Pacak
T Vosloo - resigned 31 March 2014
B van Dijk - appointed 2 April 2014
T Jacobs - appointed 2 April 2014

Mr JP Bekker and Mr T Vosloo resigned as directors effective 31 March 2014. Mr B van Dijk was appointed on 2 April 2014 to succeed Mr JP Bekker. The Board expressed its sincere appreciation to JP Bekker and T Vosloo for their contributions during their respective periods of office.

Mr T Jacobs was appointed as an executive director effective 2 April 2014.

MULTICHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED

(Registration number 2006/015293/07)

Group Annual Financial Statements for the year ended 31 March 2014

Directors' Report

5. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the group or in the policy regarding their use.

At 31 March 2014 the group's investment in property, plant and equipment amounted to R7 062 million (2013: R 6 164 million of which R2 840 million (2013: R 5 004 million) was added in the current year through additions.

The group's investment in new technologies continued, the most notable being the addition of a new transponder on the IS-20 satellite, which allows for additional capacity, enabling the launch of more HD channels and providing for new services to be delivered to customers.

The group has commitments in respect of contracts placed for capital expenditure to the amount of R672 million (2013: R965.5 million). Refer to note 28 for details. These commitments have been approved by the boards of directors of the various group companies.

6. Dividends

An ordinary dividend of R2.4 billion (2013: R2 billion) and a special dividend of R2.1 billion (2013: R3 billion) was paid in the current year. The ordinary dividend paid was 711.1 cents per share (2013: 592.6 cents per share) and the special dividend paid was 622.2 cents per share (2013: 888.9 cents per share). The board recommends that an ordinary dividend of R2.8 billion be declared (830 cents per share) and a special dividend of R2.7 billion (800 cents per share) be declared.

7. Group

MCSAH's principal shareholders are MIH Holdings Proprietary Limited, Phuthuma Nathi Investments Limited and Phuthuma Nathi Investments 2 Limited, who own 80%, 13.3% and 6.7% respectively. MCSAH's ultimate controlling party is Naspers Limited, a company listed on the JSE Securities Exchange of South Africa. All subsidiaries, joint ventures and associates share the same financial year-end as MCSAH.

The name, country of incorporation and effective financial percentage interest in each of the group's principal subsidiaries, joint arrangements and associates are disclosed in note 7 & 8 & 9.

On 7 February 2014, the company acquired 15.62% of Smart Villiage Proprietary Limited from non-controlling interest at a purchase price of R8 million. The purchase price was settled through cash of R6 million and a contingent consideration of R2 million. For details relating to acquisitions in the group, refer to note 3 to the group annual financial statements.

8. Auditors

PricewaterhouseCoopers Inc. continued in office as auditors for the group for the next financial year.

At the AGM, the shareholders will be requested to reappoint PricewaterhouseCoopers Inc. as the independent external auditors of the company and to confirm Ms SN Madikane as the designated lead audit partner for the 2015 financial year.

9. Secretary

The company secretary is Ms LJ Klink.

10. Borrowings

The company has unlimited borrowing powers in terms of its Memorandum of Incorporation.

11. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

MULTICHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED

(Registration number 2006/015293/07)

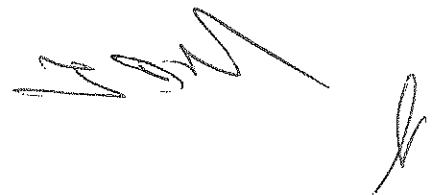
Group Annual Financial Statements for the year ended 31 March 2014

Certificate by the Company Secretary

I, Lurica Jéanne Klink, being the company secretary of MultiChoice South Africa Holdings Proprietary Limited, certify that the company has, for the year under review, lodged all returns required of a private company with the Registrar of Companies, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.



LJ Klink
Company Secretary
Johannesburg
06 June 2014

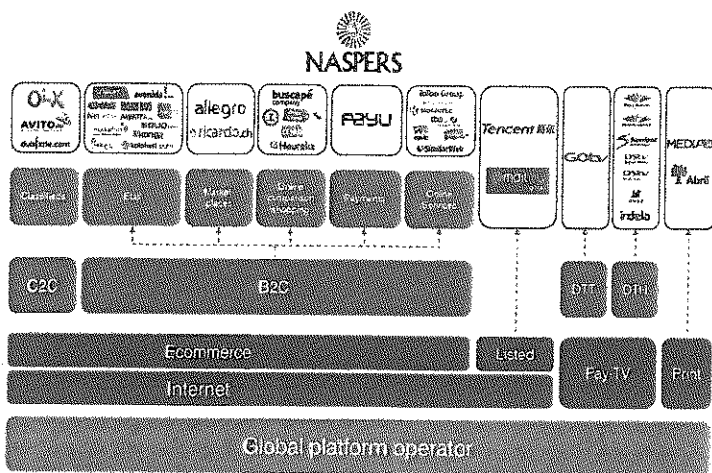




NASPERS

Fact Sheet – January 2015

Group Structure



*Organogram depicts major brands

Business overview

"TM4"

Founded in 1915, we are a broad-based multinational media group offering services in more than 130 countries. Our principal operations are in ecommerce (i.e. classifieds, online retail, marketplaces, online comparison shopping, payments and online services), pay television and print media. We also have minority investments in listed, integrated social-network platforms Tencent (SEHK 0700) and Mail.ru (LSE: MAIL).

We have been listed on the Johannesburg Stock Exchange (JSE) since September 1994 and have an ADR listing on the London Stock Exchange (LSE).

We operate predominantly in markets with growth potential. These include Africa, China, Latin America, Central and Eastern Europe, Russia, India, South-east Asia and the Middle East. Most of our businesses are market leaders in their sectors.

Strategy

We offer trading opportunities, entertainment, information, gaming and access to friends wherever they are. Our expertise lies in ecommerce, connecting people, distributing media products, creating media content and selling advertising. We generate revenue mainly by collecting fees, with a relatively small contribution from advertising revenue.

Our key objectives are to:

- Grow our ecommerce businesses
- Build our pay-TV subscriber base
- Focus on investment and technology
- Maintain a local approach
- Provide quality service
- Attract innovative and motivated employees

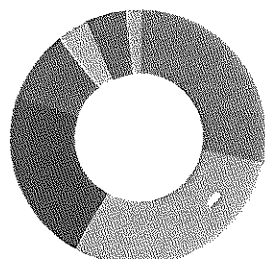
Our group's strength lies in our focus on local language and culture, our entrepreneurial spirit and the quality of our workforce. We also strive to be useful to the communities that we serve.

Summarised financial data

Income statement data	1H FY15	1H FY14	1H FY15	1H FY14
Year ended 31 March	ZARm	ZARm	US\$m	US\$m
Revenue	34,363	28,755	6,157	5,830
EBITDA	4,179	4,132	389	419
Trading profit	2,798	2,926	261	297
Trading margin	8%	10%	4%	5%
Core Headline EPS (cents)	1 528	1 248	142	127
Revenue	34,363	28,755	6,157	5,830
Balance sheet data*				
Non-current assets	116,650	90,304	11,535	8,929
Current assets	36,524	30,965	3,612	3,062
Total assets	153,174	121,269	15,146	11,991
Shareholders equity	77,723	60,809	7,685	6,013
Non-current liabilities	42,052	36,223	4,158	3,582
Current liabilities	31,960	22,558	3,160	2,231
Equity and liabilities	74,012	58,781	7,319	5,812
NAV/share (cents)	18,979	15,360	1,877	1,519

*Core headline earnings per share excludes, amongst other items, fair value adjustments required in terms of accounting standard IAS 39, which in our view ignores economic reality and artificially inflates headline earnings.

1HFY15* Revenue Split: Type



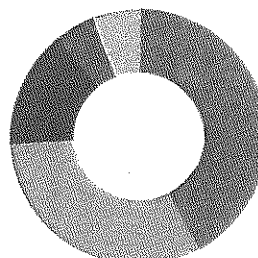
- Subscription (28%)
- IVAS & games (30%)
- Ecommerce (22%)
- Advertising (9%)
- Printing & distribution (4%)
- Other (5%)
- Technology (2%)

Exchange and trading information

JSE (Ticker: NPN)

Total shares issued: 415.9 million

Shareholders:



- South Africa (42%)
- United States (32%)
- UK & Europe (15%)
- Asia (5%)
- Other (6%)

*Based on economic interest, i.e. assuming equity accounted investments are proportionately consolidated

2015

INTERNET

We focus on ecommerce, but offer the full range of internet-based services from communication and social networking, to entertainment and mobile value-added services.

Our ecommerce operations include:

- Classifieds – presence in many markets with a focus on 25 (including Brazil, India, Poland, Portugal, UAE, Indonesia, Thailand, Philippines and South Africa).
- Etail – operations in Central and Eastern Europe, India, UAE, Russia, Turkey and Nigeria.
- Marketplaces – Allegro (Poland) and Ricardo (Swiss).
- Online comparison shopping – brands such as Buscapé, 7Pixel, PriceCheck, Heureka and Ceneo.
- Payments – online payment platforms in 18 countries operating under the PayU brand.
- Online services – travel services (India), real estate (SA, Russia, Philippines), mobile services (Brazil).

We also hold minority positions in:

- Tencent (34%) - China's largest and most used internet services platform.
- Mail.ru Group (29%) - the leading internet company in Russian-speaking markets.

PAY-TV

We provide pay-tv services to more than 8 million households in 50 countries across sub-Saharan Africa under the MultiChoice, DStv and GOtv brands. With limited broadband infrastructure and almost no cable access in Africa, we offer digital satellite (DTH), digital terrestrial (DTT), online and mobile pay-tv services.

M-Net provides us with general entertainment content and SuperSport, the largest funder of sport on the African continent, ensures quality sport content for our customers. TV advertising is handled by DStv Media Sales and DStv Digital Media focuses on the development of our online and mobile products.

Technology provider Irdeto is a world leader in content security, management and delivery for pay media companies.

MWeb is a leading internet service provider in South Africa.

PRINT MEDIA

Principally based in South Africa, Media24 is the leading media group in Africa. Operations include newspapers, magazines and digital publishing as well as printing, distribution, book publishing, ecommerce and financial data.

We also have a 30% stake in Abril (Brazil).

For more information visit the Naspers website:
www.naspers.com

KEY EXECUTIVES

Corporate

Bob van Dijk	- Group CEO
Basil (Vasili) Sgourdos	- Group CFO
Mark Sorour	- Group CIO
Craig Opperman	- Group Counsel
Aileen O'Toole	- Group Human Resources Officer

Internet CEO's

Charles Searle	- Internet Listed Assets
Martin Scheepbouwer	- Classifieds
Larry Illg	- Transaction Commerce
Oliver Rippel	- Online Services
Peter de Caluwe	- Payments
Romero Rodrigues	- Price-Comparison Platforms
Jonas Nordlander	- Avito (Russia)
Rodrigo Borer	- Buscapé (Brazil)
Arto Joensuu	- Dubizzle (Middle-East)
Lilian Stanciu	- eMag (CEE)
Alexander Piskunov	- Esky (Russia)
Jan Vichr	- Fashion Days (CEE)
Sachin Bansal	- Flipkart (India)
Ashish Kashyap	- ibibo Group (India)
Caren Genthner-Kappesz	- kalahari.com (South Africa)
Riaan Basson	- Korbitec (South Africa)
Dmitry Grishin	- Mail.ru (Russia)
Ilker Baydar	- Markafoni (Turkey)
Fabricio Blois	- Movile (Brazil)
Ondrej Fryc	- Netretail (CEE)
Alec Oxenford	- OLX (Brazil)
André de Wet	- PriceCheck (South Africa)
Phanindra Sama	- redBus (India)
Christian Kunz	- Ricardo (Switzerland & WE)
Or Offer	- SimilarWeb (Middle-East)
Ronaldo Mouchawar	- Souq (Middle-East)
Pony Ma	- Tencent (China)
Ankush Nijhawan	- Travel Boutique Online (India)

Pay-TV CEO's

Jim Volkwyn	- Pay-TV Platforms
Imtiaz Patel	- MultiChoice Group South Africa
Nico Meyer	- MultiChoice Africa
Graham Kill	- Irdeto
Mark Rayner	- COO MultiChoice South Africa
Patricia van Rooyen	- M-Net
Brandon Foot	- SuperSport
John Kotsaftis	- DStv Digital Media
Chris Hitchings	- DStv Media Sales
Glen Marques	- Myriad Programming
Francois Theron	- MWEB SA

Print Media CEO's

Esmaré Weideman	- Media24
Stephen van der Walt	- Paarl Media
Geoff Cohen	- 24.com
Fábio Barbosa	- Abril (Brazil)
Jonathan Ball	- Jonathan Ball Publishers
Koos Pieterse	- On The Dot
John Relihan	- Media24 Magazines
Fergus Sampson	- Media24 News
Eloise Wessels	- Media24 Books
Krishna Motukuri	- Media24 Ecommerce

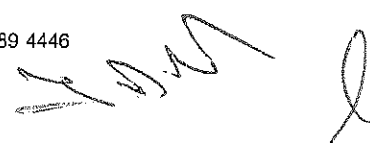
Executive offices

40 Heerengracht, Cape Town, 8001, South Africa
Telephone: +27 21 406 2121

FINANCIAL CALENDAR

Financial year-end	March
Full year results	end June
Annual report	July
Annual general meeting	August
Interim for half-year to September	end November
Dividend	September

Contact us:
Meloy Horn
meloy.horn@naspers.com
+27 11 289 3320 / +27 11 289 4446



"TM5"

EXECUTION
COPY

COMMERCIAL
AND
MASTER CHANNEL DISTRIBUTION AGREEMENT

between

MULTICHOICE PROPRIETARY LIMITED

and

SOUTH AFRICAN BROADCASTING CORPORATION SOC LTD

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TABLE OF CONTENTS

1. DEFINITIONS AND INTERPRETATION.....	3
2. INTRODUCTION.....	9
3. TERM.....	10
4. SABC CHANNELS: SUPPLY AND GRANT OF RIGHTS	10
5. CONTRIBUTION AND FEES.....	17
6. MCA FTA CHANNEL: SUPPLY AND GRANT OF RIGHTS	18
7. RESOLUTIVE CONDITION	19
8. DELIVERY, ENCRYPTION AND TRANSMISSION OF CHANNEL	19
9. SMS	21
10. PERFORMANCE OF PAY TV CHANNELS	22
11. MARKETING AND PROMOTION	24
12. ADVERTISING	25
13. REPRESENTATIONS, WARRANTIES AND INDEMNITIES	27
14. THIRD PARTY INFRINGEMENT OF VIEWING CARDS	29
15. TERMINATION AND REMEDIES.....	29
16. FORCE MAJEURE	30
17. GOVERNING LAW AND DISPUTES	31
18. CONFIDENTIALITY	32
19. ANNUAL MEETING	32
20. CO-OPERATION.....	33
21. REGULATORY APPROVAL.....	33
22. NOTICE.....	34
23. MISCELLANEOUS	35
ANNEX 1 – TERRITORY	38
ANNEX 2 - SIGNAL SPECIFICATIONS	39
ANNEX 3 - COVERAGE AREA.....	43
ANNEX 4 – CHANNEL DESCRIPTION.....	45
ANNEX 5 - MULTICHOICE DSTV-I RESEARCH METHODOLOGY	47

[Handwritten signatures and initials]
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This Commercial and Master Channel Distribution Agreement (the "Agreement") is made the 3rd day of July 2013 between:

- (A) MultiChoice Proprietary Limited, a company registered in South Africa, with registration number: 1994/009083/07 whose principal place of business is at 251 Oak Avenue, Ferndale, Randburg 2194, South Africa ("MCA"); and
- (B) South African Broadcasting Corporation SOC Ltd, a state-owned company registered in South Africa, with registration number: 2003/023815/06 and having its principal place of business at Radio Park Building, Henley Road, Auckland Park, Johannesburg, Republic of South Africa ("SABC").

1. DEFINITIONS AND INTERPRETATION

1.1. In this Agreement, unless the context indicates a contrary intention, the following words and expressions bear the meanings assigned to them and cognate expressions bear corresponding meanings –

1.1.1. "Accounting Period" means the 26th day of the immediately preceding calendar month and the 25th day of the relevant calendar month during the Term, provided that MCA shall be entitled at any time after the date of signature of this Agreement to amend the Accounting Period by written notice to the SABC, to a calendar month such that the relevant Accounting Period runs from the 1st day of the calendar month to the last day of that calendar month;

1.1.2. "Affiliate(s)" means with respect to MCA, an entity that, directly or indirectly, Controls, is Controlled by or is under common Control with MCA. "Control" shall mean, as to any person, the power to direct or cause the direction of management policies of such person, directly or indirectly, whether through the ownership of voting securities or partnership or other ownership interests, by contract or otherwise;

1.1.3. "Business Day" means any day which is not a Saturday, a Sunday or a public holiday as gazetted by the government of South Africa from time to time;

1.1.4. "Channel Commencement Date" means with respect to each of the Pay TV Channels, the commercial launch date of each such Pay TV Channel on

the DStv Bouquet;

- 1.1.5. "Channel Signals" means the television signals comprising the respective Channels;
- 1.1.6. "Channels" means the Pay TV Channels and SABC FTA Channels, and a "Channel" means any one of the Channels;
- 1.1.7. "Clearances" means all consents, clearances and licenses required from the copyright holders of the programming and all other content (including, without limitation, Channel branding) transmitted as part of the relevant Channel(s) to distribute such programming and content in the Territory, including all necessary music, mechanical transfer and performing rights clearances;
- 1.1.8. "Commercial Subscriber" means any person who (i) owns or operates a place of multiple occupancy in the Territory containing Rooms (e.g. hotels, hospitals, prisons, etc.); and (ii) is authorised by or on behalf of MCA to view the relevant Channel(s) in unencrypted format in such place;
- 1.1.9. "Communal Subscriber" means any person who (i) owns or operates any property in the Territory that is a communal meeting place (e.g., restaurants, bars, etc.); and (ii) is authorised by or on behalf of MCA to view the relevant Channel(s) in unencrypted format in such place;
- 1.1.10. "CPI" means the weighted average consumer price index for all items for the principal urban areas of South Africa as published by Statistics South Africa or any other substitute index or agency, provided that if publication of the CPI ceases at any time, a substitute index shall be applied which reflects the general rate of inflation in South Africa;
- 1.1.11. "DStv Bouquet" means the bouquet of programming packs comprising channels distributed in the Territory by MCA;
- 1.1.12. "Encryption" means (a) the scrambling and encryption of television signals so that they can only be decrypted by the insertion of an enabled viewing card in a compatible decoder; or (b) the secure transmission of television signals;

- 1.1.13. "ICASA" means the Independent Communications Authority of South Africa;
- 1.1.14. "Individual Subscriber" means any person (other than a Commercial Subscriber or Communal Subscriber) who is authorised by or on behalf of MCA to view the relevant Channel(s) in unencrypted format;
- 1.1.15. "MCA FTA Channel" means an entertainment genre television channel compiled, packaged and branded by or on behalf of MCA and/or its Affiliate(s);
- 1.1.16. "M-Net DTT Set-Top Box" means the set-top box or receiver devices capable of receiving DTT signals for display on a connected viewing device, distributed in South Africa by or on behalf of Electronic Media Network Proprietary Limited and/or any of MCA's Affiliate(s);
- 1.1.17. "MultiChoice Equipment" means the MPEG 2 encoders owned by MCA which are currently situated at the SABC's Facility, and any additional, replacement and/or upgraded encoders installed by MCA at the SABC Facility during the Term;
- 1.1.18. "Parties" means the parties to this Agreement, being MCA and the SABC, and a "Party" means one of the Parties as the context indicates;
- 1.1.19. "Pay TV Channels" means the SABC News Channel and the SABC Entertainment Channel described in clause 4.1.1 below to be made available by the SABC to MCA in accordance with the terms of this Agreement;
- 1.1.20. "Rest of Africa" means those countries listed under the heading 'Rest of Africa' in Annex 1 hereto;
- 1.1.21. "Room" means a room in a place of multiple occupancy, owned or operated by a Commercial Subscriber, which is enabled to view the Channel in that room;
- 1.1.22. "SABC Channel Distribution Platform" means the SABC DTT Platform, and the DTH distribution platform as is utilised for distribution of any and all channels as distributed by the SABC on the SABC DTT Platform on a free-

to-air basis to viewers in geographical areas in South Africa otherwise not covered by or not receivable via the SABC DTT Platform;

- 1.1.23. "SABC DTT Platform" means a DTT frequency network on "Multiplex 1" as designated in the Terrestrial Broadcasting Frequency Plan, and/or any additional or replacement frequencies or future multiplex assigned to the SABC for the distribution of digital broadcasting services;
- 1.1.24. "SABC Facility" means such facility which is located at the SABC's premises at Auckland Park, Johannesburg, at which the MultiChoice Equipment is stored by the SABC and/or the facility at which the Channel Signals are made available to MCA;
- 1.1.25. "SABC FTA Channels" means any and all television channels owned, packaged and/or operated by the SABC, of whatever genre, and distributed by the SABC, or on behalf of the SABC, on a digital free-to-air basis (including but not limited to DTT) in South Africa;
- 1.1.26. "SABC Services" means any and all of the SABC's services (including but not limited to the SABC's free to air television and radio services);
- 1.1.27. "Satellite(s)" means the IntelSat 20 satellite and/or the Eutelsat 36B satellite (in accordance with the coverage area reflected in Annex 2) and/or such other satellite(s) that may be determined by MCA from time to time for transmission of the Channels(s) to Subscribers;
- 1.1.28. "Signature Date" the date of signature of this Agreement by the Party signing last in time;
- 1.1.29. "South Africa" means the Republic of South Africa;
- 1.1.30. "Southern Africa" means those countries listed under the heading 'Southern Africa' in Annex 1 hereto;
- 1.1.31. "Start Date" means the date on which this Agreement shall become of force and effect which for avoidance of any doubt shall be the Signature Date;
- 1.1.32. "Subscribers" means Individual Subscribers, Commercial Subscribers and Communal Subscribers as applicable;

1.1.33. "Television Systems" means any cable system, multi-point microwave distribution system ("MMDS"), over-the-air television system (including but not limited to digital terrestrial television ("DTT")), digital video Broadcasting system ("DVB"), mobile video broadcasting systems (e.g. DVB-H, DMB and similar systems), any mobile wireless systems (e.g. 3G and similar or upgrade versions of such systems), close circuit television system, satellite master antenna television system ("SMATV"), direct to home system ("DTH"), digital subscriber line system ("DSL"), fibre-optic system, twisted pair system, other forms of IPTV systems, television receive only system, hotel/motel television system, privately maintained satellite receiving antennae and all other forms of free, pay, pay per view or subscription television or communication, systems and any other telecast, broadcast or transmission system, to any viewing device by means of which a person can receive audio-visual programming or services, where a fee is payable by such person for the right to view and/or participate in such programmes and services (save in respect of VIPs and persons receiving special offers or incentives) or where such programmes and services are made available on a free or free-sat type offering;

1.1.34. "Term" means the duration of this Agreement as described in clause 3.1 below;

1.1.35. "Terrestrial Broadcasting Frequency Plan" shall mean the terrestrial broadcasting frequency plan as determined and published by ICASA, including any updates thereto, as an annexure to the 'National Radio Frequency plan' in terms of the Electronics Communications Act, No. 36 of 2005, as amended;

1.1.36. "Territory" means Southern Africa and the Rest of Africa as listed in Annex 1 hereto; and

1.1.37. "Uplink Facility" means the MCA uplink facility situated at 251 Oak Avenue, Randburg, South Africa, or such other uplink facility as may be determined by MCA from time to time.

1.2. The clause headings in this Agreement are for purposes of convenience and reference only and shall not be used in the interpretation of, nor to modify or amplify the terms and conditions of this Agreement nor any clause hereof.

- 1.3. Unless a contrary intention clearly appears from the context, words importing:
 - 1.3.1. any reference to a gender includes the other genders;
 - 1.3.2. any reference to the singular includes the plural and vice versa; and
 - 1.3.3. any reference to natural persons includes legal persons and vice versa.
- 1.4. Where words and/or expressions are defined within the context of any particular clause in this Agreement, the words and/or expressions so defined shall bear the meanings assigned to such words and expressions in that clause, notwithstanding that such word and/or expressions have not been defined in this interpretation clause.
- 1.5. When any number of days is prescribed in this Agreement, same shall be reckoned exclusively of the first and inclusively of the last day.
- 1.6. The use of the word "including", "include" and "includes" followed by a specific example or examples, shall not be construed as limiting the meaning of the general wording preceding it and the *eiusdem generis* rule shall not be applied in the interpretation of such general wording or such specific example or examples.
- 1.7. The *contra proferentem* rule is excluded and accordingly, no provision herein shall be construed against or interpreted to the disadvantage of any Party due to such Party having or being deemed to have structured or drafted such provision.
- 1.8. Where figures are referred to in numerals and in words, if there is any conflict between the two, the words shall prevail.
- 1.9. The schedules and annexure to this Agreement form an integral part hereof and words and expressions defined in this Agreement shall bear, unless the context otherwise requires the same meanings in such schedules and annexure which do not themselves contain their own definitions and provided that in the event of any conflict between the schedules and/or annexure and this Agreement, this Agreement takes precedence and shall apply.
- 1.10. If any provision in a definitions clause is a substantive provision conferring rights or imposing obligations on a Party, notwithstanding that it is only in the definition clause, effect shall be given thereto as if it were a substantive provision in the body of this Agreement.

2. INTRODUCTION

- 2.1. The Parties wish to enter into a commercial relationship in terms of which:
- 2.1.1. the SABC will develop, produce and make available the SABC FTA Channels and Pay TV Channels as described herein;
 - 2.1.2. MCA will be entitled to market and distribute the Channels on its content platforms;
 - 2.1.3. MCA will pay the SABC an annual fee of R100,000,000.00 (one hundred million Rand) (excluding VAT) during the Term in consideration of the rights granted and obligations undertaken by the SABC, increased by 5% (five percent) per annum during each year of the Term as from the anniversary of the Start Date, with an amount of R30,000,000.00 (thirty million Rand) being payable within 30 (thirty) days of the Start Date as a refundable advance in part payment of the annual Fees for the first year of the Agreement pending the launch of the Pay TV Channels;
 - 2.1.4. MCA will provide to the SABC the MCA FTA Channel for distribution by the SABC on the SABC Channel Distribution Platform;
 - 2.1.5. the Channel Signals for the SABC FTA Channels as transmitted in South Africa would at all times be available to and receivable on the M-Net DTT Set-Top Boxes distributed in South Africa. The SABC agrees that the SABC FTA Channels will not at any time be encrypted, or allow any conditional access system to be applied in respect of, the Channel Signals for the SABC FTA Channels transmitted on the SABC DTT Platform in South Africa so that viewers are able to view the SABC FTA Channels without requiring anything other than the installation of an M-Net DTT Set-Top Box; and
 - 2.1.6. the SABC will be entitled to all advertising revenue generated by the advertising and sponsorship included by the SABC in the Channels. Further, and to the extent that MCA distributes the Channels encrypted on the MCA pay television platform in accordance with the provisions of this Agreement, the SABC may benefit from the increase in advertising revenue by virtue of the size of the MCA subscriber base to which any Channels may be distributed by MCA.

2.2. The Parties wish to record, in writing, the terms and conditions upon which the Parties will conduct the commercial relationship provided for in terms of this Agreement and in general, the terms and conditions that will govern their relationship.

3. TERM

3.1. This Agreement shall commence on the Start Date and shall continue for a period of five (5) years, subject to earlier termination in accordance with the terms hereof.

3.2. In the event that the SABC does not supply the Channel Signals for the Pay TV Channels to MCA in accordance with MCA's requirements in terms of this Agreement to enable MCA to launch the Pay TV Channels on the DStv services within 4 (four) months after the Start Date (including for avoidance of doubt, the allowance for the test phase period prior to such launch), MCA shall be entitled to notify the SABC in writing to this effect. If, at any time after the date of such notice, the Pay TV Channels have still not been made available to MCA for launch on the DStv services in accordance with MCA's requirements in terms of this Agreement, MCA shall be entitled to, subject to clause 16 of this Agreement, (i) withhold payment in respect of Fees for the Pay TV Channels; or (ii) cancel this Agreement immediately in whole, or with respect to the Channel that has not launched and, without limiting any other rights or remedies that MCA may have in terms of this Agreement or in law, upon such cancellation the SABC shall be obliged to immediately refund to MCA the total amount of any and all Fees paid to the SABC in terms of clause 5.1 below, or a pro rated amount if MCA cancels the Agreement only in respect of 1 (one) of the Pay TV Channels.

4. SABC CHANNELS: SUPPLY AND GRANT OF RIGHTS

4.1. Pay TV Channels: Supply and Content

4.1.1. The SABC undertakes to supply to MCA the following Pay TV Channels:

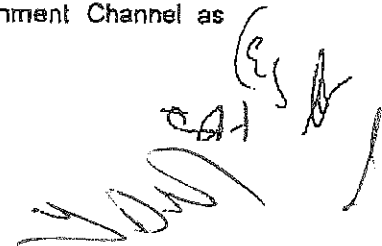
- 4.1.1.1. a 24 hour, daily, television news programme service known as "SABC News" as more fully described in Annex 4 ("SABC News Channel"); and



- 4.1.1.2. a 24 hour, daily, entertainment television programme service Channel (working title "SABC Entertainment Channel").
- 4.1.2. The SABC undertakes and agrees that the Channel Commencement Date in respect of:
 - 4.1.2.1. the SABC News Channel will be no later than 3 (three) months after the Start Date.
 - 4.1.2.2. the SABC Entertainment Channel will be no later than 4 (four) months after the Start Date,

provided that in either case the Parties agree that the SABC shall make the relevant Pay TV Channel available to MCA for distribution to a closed user group as selected by MCA for a test phase period of, to the extent possible, at least one (1) month prior to the relevant Channel Commencement Date. Furthermore, the Parties agree that if the SABC is in a position to provide either or both of the Pay TV Channels for the test phase period prior to a period of 2 (two) months after the Start Date, it shall notify MCA in writing and MCA shall use its best endeavours to work with the SABC to receive the relevant Pay TV Channel(s) for purposes of conducting relevant tests and to work towards launching the relevant Pay TV Channel(s) as soon as practicable.

- 4.1.3. MCA and the SABC shall, as soon as possible after signature of this Agreement, meet to discuss the scheduling and precise details of the content of the SABC Entertainment Channel to be supplied by the SABC to MCA. The SABC shall, as part of such meeting, deliver to MCA a comprehensive presentation which shall provide further and precise details with regard to the broad channel description and which shall include but not be limited to the nature of the SABC Entertainment Channel, details of the content, programming, schedule, name, broadcast hours and detailed costs of such Channel. MCA will, as part of such discussions, convey its content, programming and scheduling requirements to the SABC and raise any concerns that it may have with regard to the description of the SABC Entertainment Channel as proposed by the SABC in its presentation. The Parties agree that, after MCA has consulted with the SABC, a detailed content description schedule for the SABC Entertainment Channel as



agreed by the Parties shall be incorporated into this Agreement by reference. In the event that the Parties are unable to agree on a content description schedule as aforesaid within 1 (one) month of the Start Date, or by a later date as may be agreed to in writing by MCA, then MCA shall have the right terminate this Agreement with respect to the SABC Entertainment Channel.

4.1.4. The SABC undertakes that content packaged as part of the SABC Entertainment Channel shall be comprised of SABC-owned content from the SABC programme archives, and which shall be of a quality which is commensurate in value according to the Fees payable by MCA in respect of its pay television platform,

4.2. Pay TV Channels: Grant of Rights

4.2.1. Subject to the provisions of clauses 4.2.3 and 4.2.4 below, the SABC hereby grants to MCA the exclusive right with respect to each of the Pay TV Channels, to (i) receive, distribute and market each of the Pay TV Channels; and (ii) license the reception, distribution and marketing of each of the Pay TV Channels, by means of Television Systems for reception by Subscribers in the Territory during the Term.

4.2.2. MCA shall, be entitled in its discretion, but shall not be obliged, to include the SABC News Channel and/or the SABC Entertainment Channel in all of its existing and/or future tiers, packages and/or platforms. MCA shall include the SABC News Channel as part of all DTH pay television programming packs offered to Individual Subscribers of the DSTV Bouquet in South Africa on an Encrypted basis via the Satellite(s).

4.2.3. SABC Entertainment Channel

4.2.3.1. The SABC shall not itself distribute, nor authorise anyone else to distribute, the SABC Entertainment Channel (or any adaptation, part, version or individual programme thereof) or any branded block or substantially similar channel, by any systems or means in the Territory (or any part thereof) during the Term.

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4.2.3.2. Notwithstanding any other provision contained herein, the Parties agree that the Clearances in relation to the SABC Entertainment Channel shall only apply in respect of South Africa. In the event that the SABC obtains the Clearances to enable the SABC Entertainment Channel to be distributed by any Television Systems in any part of the Territory outside South Africa, it shall notify MCA in writing, and MCA shall be entitled to commence distribution of the SABC Entertainment Channel in such part of the Territory outside South Africa for which SABC has obtained the Clearances.

4.2.3.3. The SABC shall be entitled to make individual programmes that have been previously broadcast on the SABC Entertainment Channel available to viewers on a non-linear, non-broadcast basis as part of a service which is wholly owned, operated and branded by the SABC.

4.2.4. SABC News Channel

4.2.4.1. The SABC shall be entitled to:

4.2.4.1.1. distribute the SABC News Channel by means of SABC Channel Distribution Platform; and/or

4.2.4.1.2. make individual programmes that have been previously broadcast on the SABC News Channel available to viewers on a non-linear, non-broadcast basis; and/or

4.2.4.1.3. make available, after consultation with MCA, broadcasts of programmes that report on special and significant events of national importance occurring in South Africa (such as the death of a president, state funerals, natural disasters and acts of war) to SABC accredited television broadcasters specifically authorised by SABC to receive such programme broadcasts ("Accredited Broadcasters") in the Territory. For this purpose,

Accredited Broadcasters shall be required to obtain and install, at their cost, the necessary equipment and facilities required for purposes of receiving the SABC News Channel, including but not limited to a professional DSTV decoder enabled solely for the reception of the SABC News Channel, and shall be required to comply with all of MCA's technical requirements at all times with regard to reception of the SABC News Channel for such purpose.

4.2.4.2. Save as provided for in clause 4.2.4.1 above, the SABC shall not itself distribute, nor authorise anyone else to distribute, the SABC News Channel (or any adaptation, part, version or individual programme thereof) or any other SABC branded news channel (or any such derivative of such name(s)) branded block or channel, by any systems or means in the Territory (or any part thereof) during the Term.

4.2.4.3. The Parties agree that (i) after the SABC News Channel is launched by MCA on the DSTV Bouquet in Southern Africa and is fully operational and being delivered to MCA in accordance with all of the provisions of this Agreement, and (ii) in the event that MCA has additional Satellite capacity as determined in its discretion, MCA will notify the SABC and the Parties will meet to discuss any additional satellite capacity fees to be paid by the SABC to MCA in respect of the distribution of the Channel by MCA in the Rest of Africa (or part thereof).

4.2.4.4. Notwithstanding the provisions of clause 4.2.4.3 above, in each instance that the SABC intends to distribute or license a third party to distribute the SABC News Channel in the Rest of Africa (or part thereof), it shall notify MCA in writing prior to any such distribution. Upon receipt of such notification by MCA:

4.2.4.4.1. Should MCA intend to distribute the SABC News Channel in the Rest of Africa (or part thereof) at such time, MCA shall notify the SABC in writing to

this effect and the Parties shall meet to discuss any additional satellite capacity fees to be paid by the SABC to MCA in respect of the distribution of the SABC News Channel by MCA in the Rest of Africa (or part thereof); or

4.2.4.4.2. Should MCA elect not to distribute the SABC News Channel in the Rest of Africa (or part thereof) after being notified by the SABC, it shall notify the SABC in writing to this effect and the SABC shall thereafter be entitled to itself distribute, or enter into negotiations with a third party distributor for the distribution of, the SABC News Channel in the relevant countries in the Rest of Africa (or part thereof) on a non-exclusive basis only. For the avoidance of doubt, any distribution by the SABC or by a third party of the SABC News Channel in the Rest of Africa (or part thereof) shall not preclude MCA from distributing the SABC News Channel in such country or countries in the Rest of Africa at any time during the Term, subject to the provisions of clause 4.2.4.3 above.

4.2.4.5. The Parties agree that for the avoidance of doubt nothing contained in clause 4.2.4.4.1 or clause 4.2.4.3 above shall result in any increase whatsoever in the Fees payable by MCA in terms of this Agreement, or any additional fees, in respect of the distribution of the SABC News Channel in the Territory or part thereof on Television Systems.

After the launch by SABC of the SABC News Channel on the SABC Channel Distribution Platform, the Parties shall meet to review the coverage in South Africa to identify any "black spots" in respect of the coverage of the SABC News Channel. The Parties shall, to the extent possible, implement a suitable solution to address the "black spots" in South Africa provided that such solution does not impose any additional obligations on

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MCA or undermine or otherwise conflict with the rights granted to MCA in terms of this Agreement.

4.3. SABC FTA Channels

- 4.3.1. The SABC undertakes and agrees that all Channel Signals in respect of the SABC FTA Channels as transmitted by the SABC on the SABC DTT Platform shall be broadcast or transmitted by or on behalf of the SABC, unencrypted and without any conditional access system and shall always be available and receivable by M-Net DTT Set-Top Boxes distributed in South Africa throughout the Term, without requiring anything other than the installation of an M-Net DTT Set-Top Box.
- 4.3.2. The SABC acknowledges and agrees that the confirmed name, branding and/or logo of any Channel to be supplied to MCA in terms of this Agreement shall not contain the words numbers "twenty-four" or "24", or include a name, or confusingly similar name, of any channel owned and/or distributed by MCA (save for the avoidance of doubt, the SABC branded channels) or any depiction or graphical representation of any of the aforesaid.
- 4.3.3. The SABC hereby grants to MCA the non-exclusive right to (i) receive, distribute and market the SABC FTA Channels; and (ii) license the reception, distribution and marketing of the SABC FTA Channels, by means of Television Systems for reception by Subscribers in South Africa during the Term, including, for the avoidance of doubt, the reception of the free-to-air transmission by the SABC, or on behalf of the SABC, of the SABC FTA Channels by means of an M-Net DTT Set-Top Box in South Africa during the Term.
- 4.3.4. MCA shall at any time during the Term be entitled to discuss with the SABC the opportunity to distribute the SABC FTA Channel(s) in the Territory (or part thereof) outside South Africa. In such event, the Parties agree to discuss in good faith terms of MCA's intended distribution of the SABC FTA Channel(s) in the Territory (or part thereof) outside South Africa, including but not limited to commercial terms and clearances with regard to such SABC FTA Channel(s). Furthermore, should the SABC intend to exploit its SABC FTA Channel(s) in the Territory (or part thereof) outside South

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Africa, it shall notify MCA in writing and MCA shall have the right of first negotiation with regard to the distribution of the SABC FTA Channel(s) in the Territory (or part thereof) outside South Africa.

4.3.5. In the event that the SABC notifies MCA in writing of any confirmed unauthorised redistribution of the SABC FTA Channel(s) through the use of the M-Net DTT Set-Top Box, MCA will, to the extent within MCA's reasonable control, provide reasonable assistance to the SABC in SABC's endeavours to stop such unauthorised distribution of the SABC FTA Channel(s).

5. CONTRIBUTION AND FEES

5.1. Subject to the provisions of clause 5.3 below, in consideration of the grant of rights to MCA and the supply of both of the Pay TV Channels as set out in clause 4 above, MCA will pay to the SABC a total fee of R553,000,000.00 (five hundred and fifty three million Rand), payable as follows:

5.1.1. R100,000,000.00 (one hundred million Rand) exclusive of VAT in respect of the first year of the Term, payable in 12 (twelve) equal monthly instalments;

5.1.2. R105,000,000.00 (one hundred and five million Rand) exclusive of VAT in respect of the second year of the Term, payable in 12 (twelve) equal monthly instalments;

5.1.3. R110,000,000.00 (one hundred and ten million Rand) exclusive of VAT in respect of the third year of the Term, payable in 12 (twelve) equal monthly instalments;

5.1.4. R116,000,000.00 (one hundred and sixteen million Rand) exclusive of VAT in respect of the fourth year of the Term, payable in 12 (twelve) equal monthly instalments; and

5.1.5. R122,000,000.00 (one hundred and twenty two million Rand) exclusive of VAT in respect of the fifth year of the Term, payable in 12 (twelve) equal monthly instalments,

(the "Fees").

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- 5.2. For the purposes of this Agreement, including clause 4.1.3 above, 60% (sixty percent) of the Fees shall be in respect of the SABC Entertainment Channel, and 40% (forty percent) of the Fees shall be in respect of the SABC News Channel. For the avoidance of any doubt and for purposes of clarity, it is specifically recorded and agreed that the apportionment of the Fees between the two Pay TV Channels (SABC Entertainment Channel and SABC News Channel) shall be allocated by the SABC as required for its internal purposes in its absolute and sole discretion.
- 5.3. The Fees payable in respect of each Pay TV Channel by MCA in accordance with clause 5.1 above shall be payable from the commercial launch of the Pay TV Channels on the DStv Bouquet(s) and only during the period during which the Pay TV Channels are distributed by MCA during the Term (calculated pro rata for such distribution period).
- 5.4. Notwithstanding the provisions of clause 5.3 above or clause 5.5 below, MCA shall pay to the SABC an amount of R30,000,000.00 (thirty million Rand) within 30 (thirty) days of the Start Date subject to receipt by MCA of a valid tax invoice, which amount shall be an advance payment in respect of Fees payable for the Pay TV Channels for the first year of the Term ("Advance Payment"). The Parties agree that the monthly Fees payable by MCA to the SABC as from the launch of 1 (one) or both of the Pay TV Channels on the DStv service shall be set off against the Advance Payment until such time as the Advance Payment is depleted, whereupon MCA shall be required to continue to pay the remainder of the Fees as described herein, provided that if the SABC does not deliver both Pay TV Channels to MCA for commercial launch by MCA in accordance with the time periods prescribed in terms of this Agreement, the full amount of the Advance Payment of R30,000,000.00 (thirty million Rand) shall be immediately refunded to MCA.
- 5.5. The Fees shall be payable by MCA monthly in arrears subject to receipt by MCA of a valid tax invoice and shall be inclusive of all taxes, levies, and other charges, but excluding VAT.

6. MCA FTA CHANNEL: SUPPLY AND GRANT OF RIGHTS

- 6.1. MCA undertakes to provide to the SABC with an MCA FTA Channel for distribution by the SABC on the SABC DTT Platform. In this regard, MCA hereby grants to the

SABC a on a non-exclusive licence to receive, distribute and market the MCA FTA Channel by means of DTT on the SABC DTT Platform for reception in South Africa during the Term.

- 6.2. MCA agrees to provide the MCA FTA Channel to the SABC on the basis that the infrastructure of the SABC is in place to receive and to distribute the MCA FTA Channel via the SABC DTT Platform. The SABC shall be responsible for all costs of delivery of the MCA FTA Channel to the SABC, including but not limited to the necessary equipment as may be required to enable the SABC to distribute the MCA FTA Channel on the SABC DTT Platform.

7. RESOLUTIVE CONDITION

Should any one or more of the SABC FTA Channels be made available on the SABC DTT Platform in South Africa at any time during the Term on an encrypted basis, and that access to the SABC FTA Channel(s) is/are controlled or limited by means of a conditional access system or otherwise not freely available for viewing by a viewer using an M-Net DTT Set-Top Box, then:

- 7.1. MCA shall immediately, or at any time thereafter, be entitled to suspend or terminate this Agreement in whole or in part; or
- 7.2. MCA may elect to continue distribution of some or all of the Channels in accordance with the terms of this Agreement without payment of any Fees from the date that access to any SABC FTA Channels is controlled or limited by means of a conditional access system or otherwise not freely available for viewing by a viewer using an M-Net DTT Set-Top Box, and the SABC shall immediately refund to MCA any and all Fees already paid by MCA to the SABC in accordance with this Agreement.

8. DELIVERY, ENCRYPTION AND TRANSMISSION OF CHANNEL

- 8.1. The SABC shall for the duration of the Term, at its own cost and in accordance with the signal specifications set out in Annex 2 hereto, deliver the Channel Signals in digital format acceptable to MCA to the MultiChoice Equipment at the SABC Facility, provided that in the event that MCA upgrades its technical infrastructure during the Term, the SABC shall be required to deliver the Channel Signals in accordance with the digital format acceptable to MCA, subject to the

reasonable technical capability of the SABC. MCA undertakes to provide for delivery of the Channel Signals from the MultiChoice Equipment at the SABC Facility via fibre optic cable or other suitable delivery means, as required by MCA, to the Uplink Facility.

- 8.2. In addition to the foregoing, the SABC shall be required to provide for redundancy capability in the case of any interruption or failure in the delivery of the Channel Signals via the fibre optic cable or other suitable delivery means as aforesaid, in the form of satellite delivery of the Channel Signals to the Uplink Facility. To the extent necessary, the SABC shall provide MCA with such receiving equipment (including two decoders and smart cards) as is required to receive the Channel Signals at the Uplink Facility.
- 8.3. MCA shall at its cost operate, service, maintain and/or repair the MultiChoice Equipment. In this regard, the SABC shall host the MultiChoice Equipment at the SABC Facility (including the provision of the requisite power supply and relevant air cooling in a secure, access-controlled environment) and shall continue to afford MCA access to the SABC Facility as reasonably required by, such access to be arranged with the SABC personnel indicated in Annex 2 Part D, it being accepted that in the event of an emergency the SABC will ensure that immediate access to the SABC Facility is made available to MCA personnel.
- 8.4. The SABC shall ensure that the quality of the Channel Signals is sufficient at all times to ensure that if they are properly transmitted by means of Television Systems, all Subscribers with properly functioning receivers, and with regard to the SABC FTA Channels, all viewers with properly functioning DTT set-top boxes (including M-Net DTT Set-Top Boxes), are able to receive a clear broadcast quality signal for the relevant Channel(s), without interruption or interference.
- 8.5. The SABC shall, as soon as practicable, notify MCA in the event of any material disruption, discontinuance or interruption in or other interference with the delivery of the relevant Channel(s) by the SABC to MCA ("Delivery Failure") and shall rectify same as soon as possible. Without prejudice to MCA's other rights and remedies for breach of the Agreement, if a Delivery Failure:
- 8.5.1. in respect of any Pay TV Channel(s) during a given Accounting Period exceeds sixty (60) minutes (whether continuous or cumulative), then MCA shall be entitled to a pro rata reduction of the Fees payable by it in respect

of such Accounting Period (i.e. the proportion that the aggregate lost time bears to the number of transmission hours of the relevant Pay TV Channel(s) for that Accounting Period); or

8.5.2. exceeds: (i) a continuous period of thirty (30) days or more; or (ii) a continuous period of at least fifteen (15) minutes per day and such Delivery Failure occurs for thirty (30) days or more (whether consecutive or not) in any ninety (90) day period;

then MCA shall be entitled to elect (a) with regard to the Pay TV Channel(s), that the Fees payable hereunder in respect of the Accounting Period(s) during which such Delivery Failure has occurred shall be reduced by fifty percent (50%) by way of offset; or (b) with respect to any Channel(s), to terminate this Agreement wholly or with respect to only the Affected Channel(s) (as defined in clause 15 below) by giving thirty (30) days written notice to the SABC.

8.6. The Channel Signals shall be received by MCA at the Uplink Facility, and may thereafter be transmitted by MCA via Television Systems, subject to the specific undertakings by MCA in accordance with clause 4.2.2 above.

8.7. Subject to the SABC complying with the provisions of this Agreement, including but not limited to its undertakings in terms of clause 8.4 above, in the event that there is a continuing material impairment in the quality of any of the SABC News Channel delivered by MCA to Subscribers via the Satellite(s) measured in relation to other channels delivered by MCA to Subscribers via the Satellite(s), the SABC shall notify MCA using the contact details as provided in Annex 2 Part D, and shall include in such notice all relevant details of such material impairment. If the aforesaid impairment in the quality of the Channel is not resolved by MCA within a reasonable time being a period not more than seventy-two (72) hours, the Chief Technology Officers (or their representatives) of each of the Parties shall meet as soon as reasonably possible to discuss in good faith and agree steps to be taken to resolve the continuing material impairment in the quality of the SABC News Channel to the extent reasonably possible.

9. SMS

MCA shall provide, or cause to be provided, subscriber management services ("SMS") in

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respect of the Channel(s) as may be included by MCA on its television platform(s), as generally accepted and understood in the industry at the date of signature hereof. The SABC acknowledges that all proprietary and intellectual property rights arising from conduct by MCA of the SMS shall, as between the SABC and MCA, vest exclusively in MCA.

10. PERFORMANCE OF PAY TV CHANNELS

10.1. MCA commissions independent market research at its cost, based on its new set-top box research tool "DStv-i", to determine the performance of a Pay TV Channel in South Africa using the DStv-i Research Methodology as described in Annex to this Agreement ("Market Research"). Such Market Research (including the collection and administration of relevant data) shall be conducted at MCA's cost by a reputable and independent research firm selected by MCA at its sole discretion ("Research Firm").

10.2. "Any Weekly Reach" means the percentage of the Represented Base (as defined in paragraph 3 of Annex 5 hereto) that viewed the relevant Pay TV Channel for three (3) or more consecutive minutes during each complete seven (7) day period within the Research Period (as defined in paragraph 4 of Annex 5) in question ("Week").

"Channel Performance" means the average Any Weekly Reach which the relevant Pay TV Channel has achieved determined as an average over a Rolling Research Period. For purposes of this clause 10, a "Rolling Research Period" shall mean the Research Period in question and the immediately preceding Research Period.

"Performance Benchmark" means the minimum standard for Channel Performance, and in the case of the Pay TV Channels, the Performance Benchmark is as follows:

- SABC News Channel: 20%
- SABC Entertainment Channel: 30%

10.3. MCA shall provide the SABC with reports indicating the performance / viewership of the relevant Pay TV Channel and if at any time during the Term MCA determines that the Channel Performance of the relevant Pay TV Channel is below

the Performance Benchmark MCA shall give written notice ("Non-Performance Notice") thereof to the SABC.

10.4. With respect to the SABC News Channel, after a Notice of Underperformance is given by MCA under clause 10.3 at any time after the Channel Commencement Date of the SABC News Channel:

10.4.1. the Parties shall meet and discuss in good faith and agree plans on how best to improve the viewership. The SABC shall be given the opportunity to implement the changes it deems fit to improve the viewership of the SABC News Channel during a period of thirty (30) days from the date of the meeting referred to above (the "Cure Period");

10.4.2. Should the Channel Performance of the SABC News Channel as measured by DStv-i at the end of the thirty (30) day Cure Period, still be below the Performance Benchmark then a further Cure Period of thirty (30) days would apply and then should the Channel Performance of the SABC News Channel as measured by DStv-i at the end of the further thirty (30) day Cure Period still be below the Performance Benchmark then MCA shall be entitled to terminate this Agreement upon three (3) months written notice to the SABC with respect to such non-performing Pay TV Channel, or the Agreement as a whole.

10.5. With respect to the SABC Entertainment Channel, after a Notice of Underperformance is given by MCA under clause 10.3 at any time after the Channel Commencement Date of the SABC Entertainment Channel:

10.5.1. the Fees payable hereunder by MCA to the SABC in respect of the distribution of the SABC Entertainment Channel in the Territory shall be reduced by a percentage equivalent to the pro rata underperformance of the SABC Entertainment Channel as measured against the Performance Benchmark plus ten percent (10%) (the "Fee Reduction Formula"). (By way of example : should the Performance Benchmark of a channel be set at fifty percent (50%) and the Channel Performance measures at forty five percent (45%) (amounting to a pro rata underperformance of ten percent (10%)), then the reduction in the Fees shall be twenty percent (20%), being ten percent (10%) plus ten percent (10%).

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10.5.2. If further Market Research subsequent to a reduction in Fees pursuant to clause 10.5.1, indicates that the Channel Performance of the SABC Entertainment Channel:

10.5.2.1. has reached (or is higher) than its Performance Benchmark, then with effect from the next Accounting Period after the Predominant Accounting Period in which the Channel Performance was determined, the Fees for the SABC Entertainment Channel shall revert to the amount set out in clause 5.1 above; or

10.5.2.2. remains lower than the Performance Benchmark, then subject to clause 10.5.3 below, the Fees shall continue to be reduced in accordance with the Fee Reduction Formula until such time as the Channel Performance is equal to or higher than the Performance Benchmark.

10.5.3. If the Channel Performance of the SABC Entertainment Channel is lower than the Performance Benchmark on 3 (three) or more occasions during the Term, then MCA will be entitled at any time thereafter for so long as the SABC Entertainment Channel in question continues to perform below the applicable Performance to terminate this Agreement with respect to the SABC Entertainment Channel, or the Agreement as a whole, on 60 (sixty) days written notice to the SABC.

10.5.4. Subsequent to a continued reduction and/or reversion of the Fees pursuant to clause 10.5.3 and provided that this Agreement has not been terminated as set out herein, MCA shall throughout the remainder of the Term continue to conduct further Market Research on the basis as set out in clauses 10.1 and 10.2 and shall continue to be entitled to exercise the remedies provided for in this clause 10.5.

11. MARKETING AND PROMOTION

11.1. MCA shall in its reasonable discretion market and promote the Channels to potential subscribers and Subscribers in the Territory, or part thereof in which the Channel(s) are distributed. The SABC shall provide MCA, free of charge, with a variety of materials promoting the Channels, including material in a format to be

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agreed, but same falling within the reasonable technical capability of the SABC, which MCA may use for the purposes of marketing the Channels and/or the DStv Bouquet.

11.2. The SABC shall provide MCA at the SABC's cost with monthly programming highlights and programme information on the Channels (including the programme sequence, title, synopsis, duration, and details of the programme production), which shall be provided at least 90 (ninety) days (or sooner if possible) before the start of the calendar month in which such programmes are to be transmitted, and which shall be provided, subject to the reasonable technical capability of the SABC, in such format as MCA may reasonably require from time to time. Such listings shall be as accurate as possible and shall notify MCA promptly upon any change being made thereto. MCA may use such information in any printed or electronic media (including MCA's Internet website).

11.3. The SABC hereby grants to MCA a royalty free licence to use the trade names, trademarks, logos, and service marks used from time to time in connection with the Channels, the SABC, or the titles of programmes in all media for the purpose of advertising and marketing the DStv Bouquet and/or the Channels. MCA's use of the SABC's trade names, trademarks, logos, and service marks shall be in accordance with guidelines to be agreed between MCA and the SABC from time to time.

11.4. The SABC shall market and promote the Channels as distributed in terms of this Agreement, on its free-to-air platforms in the Territory.

12. ADVERTISING

12.1. All revenue received from sales in respect of advertising and sponsorship on the Channels shall be for the sole benefit of the SABC who shall be entitled to retain all proceeds derived therefrom.

12.2. All costs and expenses associated with the sale of advertising or sponsorships on the Channels and the costs of the insertion of any advertisements or sponsorships into the Channels shall be for the account of the SABC.

12.3. All revenue received from sales in respect of advertising and sponsorship on the MCA FTA Channel shall be for the sole benefit of MCA who shall be entitled to

retain all proceeds derived therefrom.

12.4. All costs and expenses associated with the sale of advertising or sponsorships on the MCA FTA Channel and the costs of the insertion of any advertisements or sponsorships into the MCA FTA Channel shall be for the account of MCA.

12.5. Subject to the restrictions contained in clauses 12.5.1, 12.5.2 and 12.5.3 below, the SABC undertakes to MCA that MCA shall be entitled to purchase advertising and promotional airtime slots (without the requirement to always reference SABC products, services or channels) on SABC Services based on the SABC's standard terms and conditions for advertising and promotion as generally applicable to advertisers of any consumer products, based on the published SABC advertising rate card in force at the time. In this regard MCA shall be entitled (but not obliged) to purchase advertising and promotional airtime slots on the SABC Services amounting to a minimum average of R1,500,000.00 (One Million Five Hundred Thousand Rand) per month measured over any three (3) month period during the Term ("Minimum Authorised Airtime"), which Minimum Authorised Airtime shall be increased by CPI on each anniversary of the Start Date. Subject to MCA having submitted / placed orders to at least the Minimum Authorised Airtime level, and the SABC has not broadcast the Minimum Authorised Airtime, then such failure to broadcast the Minimum Authorised Airtime shall constitute a material breach of this Agreement by SABC. Such advertising shall:-

12.5.1. be limited to advertising of the "DStv" brand, MCA bouquets and other MCA services; and

12.5.2. specifically exclude advertisements of the "EasyView" bouquet (or any replacement bouquet thereof) and any DTT television services offered by MCA or its affiliates; and

12.5.3. specifically exclude channel specific advertising and advertisements of any specific television programmes; and

12.5.4. Specifically shall not mention by name any channel on MCA bouquets that has more than fifty percent (50%) South African produced content i.e. local content.



13. REPRESENTATIONS, WARRANTIES AND INDEMNITIES

13.1. The SABC and MCA each represents, warrants and undertakes to the other that it has the requisite power and authority to enter into this Agreement and to perform fully its obligations hereunder.

13.2. MCA represents, warrants and undertakes to the SABC that, during the Term, MCA:

13.2.1. will use all reasonable endeavours to obtain such licences as are required from each appropriate governmental authority and/or regulatory body or authority for MCA to perform its obligations under this Agreement (if any);

13.2.2. shall not interrupt, alter, add to, delete or edit any part of the Channels in any way, save as is envisaged in this Agreement;

13.2.3. shall upon receipt at the Uplink Facility, to the extent that MCA is obliged or undertakes to distribute such Channel Signals, securely transmit the Channel Signals for the Pay TV Channels by means of DTH; and

13.2.4. shall employ all reasonable security systems and procedures generally accepted in the pay television industry designed to prevent any loss, theft, piracy or unauthorised use, reception or copying of the Channels which are Encrypted by MCA, or any part thereof, provided that no provision of this Agreement (including, without limitation, the foregoing) shall preclude MCA from supplying set top boxes capable of providing PVR functionality (including any time shifting functionality).

13.3. The SABC represents, warrants and undertakes to MCA that, during the Term, the SABC:

13.3.1. shall obtain at its sole cost all Clearances required in relation to the broadcast, transmission and distribution of the Channels in the Territory no later than the Start Date and, in particular, that the SABC will at all times hold and comply with the terms of the Clearances and will not do nor permit anything to be done nor omit to do anything which might cause any such Clearances to be suspended or revoked;

13.3.2. is solely responsible for the programming and other content of the

Channels and will ensure compliance with the applicable laws, rules, regulatory codes, orders and directions issued from time to time by any competent regulatory authority within the Territory in which the Channels are distributed, and with relevant legislation enacted within the Territory in which the Channels are distributed, relating to the content of and/or advertising contained in the Channels, and relating to the transmission of the Channels by means of Television Systems;

13.3.3. shall ensure that neither the Channels nor any materials of any nature provided to MCA or the Subscribers or other free-to-air viewers, by the SABC, nor any part thereof will infringe copyright, performing right, right of privacy, trademark, moral right or other proprietary right or interest of any third party or will constitute a misuse of any confidential information of a third party or breach any law or be defamatory or obscene within the Territory in which the Channels are distributed;

13.3.4. shall retain possession of copies of its transmissions of the Channels for such period and in such form as is required to be retained by all applicable regulations or legislation and shall at the request of MCA provide (free of charge) a copy of any such part of the transmissions of the Channels to the relevant regulatory authority or agency;

13.3.5. shall ensure that each of the Pay TV Channels retains its current quality and character;

13.3.6. shall procure that its affiliated and related entities are bound by the terms of this Agreement to the same extent as the SABC;

13.3.7. shall ensure that no advertising, marketing or promotional material on the Pay TV Channels shall advertise or in any other way promote:

13.3.7.1. any television service or television platform which operates in the Territory (or part thereof) other than MCA operated platforms; and/or

13.3.7.2. any other channels, content and/or content brands of the SABC and/or channels, content and/or content brands of any third party, that are not licensed to MCA for distribution in the Territory; and

13.3.8. shall comply with all obligations of this Agreement including, without limitation, all of the exclusivity holdbacks with respect to the Pay TV Channels as set out in clause 4.2.4.2 above and the SABC's undertakings set out in clause 4.3.1 above. Further, the SABC warrants that there are no encumbrances against any of the Channels that might compromise the rights granted to MCA under this Agreement.

13.4. MCA hereby indemnifies the SABC and holds it harmless and the SABC hereby indemnifies MCA and holds it harmless, against all liabilities, costs, damages and expenses (including, without limitation, reasonable legal costs and expenses) in respect of third party claims arising out of any breach by the other of them of any representation, warranty, undertaking or obligation contained in this clause 13.

13.5. Notwithstanding anything to the contrary contained herein, neither Party shall be liable to the other for any indirect or consequential loss or damage including, without limitation, loss of business or profits arising out of any breach of this Agreement.

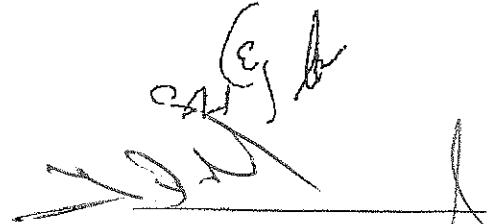
14. THIRD PARTY INFRINGEMENT OF VIEWING CARDS

Each Party shall notify the other forthwith upon becoming aware that viewing cards issued by MCA and intended for Subscribers are being supplied outside the Territory or pirated (whether inside or outside the Territory) and the SABC shall, if so requested by MCA, provide all reasonable assistance to MCA in taking appropriate action to prevent or combat such distribution or piracy.

15. TERMINATION AND REMEDIES

15.1. Without prejudice to any other rights or remedies a Party may have, either Party may terminate this Agreement at any time by giving written notice to the other Party where (i) the other Party has committed a material breach of any of its obligations under the Agreement which is incapable of remedy; or (ii) the other Party has committed a material breach of any of its obligations under the Agreement which is capable of remedy and which the other Party has not remedied within 60 (sixty) days of receipt of written notice to do so; or (iii) the other Party becomes bankrupt, is placed in liquidation or suspends its operations.

15.2. MCA may, in addition to any other right of termination provided for in this

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Agreement, terminate this Agreement at any time and without liability to the SABC if:

15.2.1. the nature of the Pay TV Channel(s) is/are substantially altered during the Term;

15.2.2. the SABC breaches the provisions of clause 18.2 below.

15.3. MCA shall have the right to either (i) terminate this Agreement or (ii) suspend or cease distribution of a Channel in a country or countries in the Territory (that is, in South Africa and/or any country or countries in the Rest of Africa), because of any actual or threatened litigation with respect to the relevant Channel and/or if MCA determines in its sole discretion that the distribution of the relevant Channel within such country or, if applicable, within such countries, might violate any law, court order, regulation or other ruling of any governmental or regulatory body or otherwise, or subject MCA to any liability or expose MCA to potential commercial loss or adverse trading conditions within such country or, if applicable, such countries, of the Territory.

15.4. There shall survive the expiry or termination of this Agreement any term of this Agreement which in order to give effect to its provision needs to survive the said expiry or termination.

15.5. Any right of termination under this Agreement may be exercisable by MCA solely with respect to the Channel(s) that is/are affected by the circumstances giving rise to such right of termination only (the "Affected Channel"), or MultiChoice may elect to terminate the Agreement as a whole.

16. FORCE MAJEURE

16.1. Neither Party shall be liable for any loss suffered by the other Party arising out of delay in or prevention of performance of the Party's obligations due to any cause beyond its reasonable control (e.g., acts of God, satellite failure, war (declared or undeclared), strikes, riots, political insurrection, rebellion, revolution, flood, fire, earthquake, epidemic/pandemic, prohibition of import, acts or orders of Government, etc.). The Party whose performance is delayed or prevented shall be entitled to a reasonable extension not to exceed 30 (thirty) days, provided that such Party promptly notifies the other Party after becoming aware of the act giving rise to the delay or prevention of performance. If performance is or will be delayed

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for more than 30 (thirty) days or is prevented then the Parties shall endeavour in good faith to agree on an alternative basis for achieving the objects of this Agreement. If the Parties are unable to reach such an agreement for a material right or obligation set forth herein, then either Party may terminate this Agreement upon written notice, and the Parties shall make such financial adjustment between them as may be equitable.

16.2. Notwithstanding the foregoing, in the event of a satellite or technical failure that requires MCA to reduce or rationalize its broadcast capabilities, such that MCA is no longer able to properly effect transmission of all channels on any of its platforms, then MCA shall be entitled in its absolute discretion, without any liability or obligation, to suspend and/or terminate this Agreement by giving written notice to the SABC.

17. GOVERNING LAW AND DISPUTES

17.1. This Agreement shall be governed by and construed in all respects in accordance with the laws of the Republic of South Africa.

17.2. If any dispute arises at any time between the Parties out of or in connection with this Agreement, either Party may refer the matter for determination by final arbitration in South Africa in accordance with the Arbitration Act of 1965 or any replacement act, by three arbitrators (unless otherwise mutually agreed). One of the arbitrators shall be appointed by the referring Party, a further one shall be appointed by the opposing Party and the third appointed by the two so chosen. In the event of a Party failing to appoint an arbitrator and/or the two arbitrators failing to reach agreement upon the appointment of a third arbitrator within 14 (fourteen) days of their own appointment, such arbitrator(s) shall be appointed by the relevant appointing authority under the Arbitration Act of 1965 on the written request of either the referring Party or the opposing Party. The arbitrators shall establish the procedural rules applicable to the proceedings. The arbitration shall be conducted in the English language. The arbitrators, if so required by either of the Parties, shall order the Parties to make discovery of all documents relevant to the issues in the arbitration. Any award of such arbitration shall be finally binding upon the Parties and may be entered into and enforced by any court having jurisdiction.

17.3. The provisions of this clause 17 constitute an irrevocable consent by the Parties to any proceedings in terms hereof and no Party shall be entitled to withdraw

therefrom or claim at any such proceedings that it is not bound by such provisions; and are severable from the rest of this Agreement and shall remain in effect despite the termination of or invalidity for any reason of this Agreement. This clause shall not preclude any Party from obtaining interim relief on an urgent basis from a court of competent jurisdiction pending the referral of any dispute to arbitration or any decision of the arbitrator.

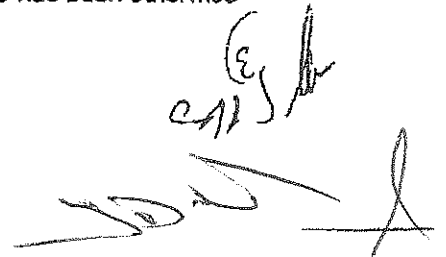
18. CONFIDENTIALITY

18.1. Each Party undertakes to the other that it will treat as confidential the terms of this Agreement together with all information relating in any manner to the business or affairs of the other Party as may be communicated to it hereunder or otherwise in connection with this Agreement and agrees not to disclose these terms or other information to any third Party (other than to its affiliated entities, auditors, professional advisors and as required by law), without the consent of the other Party. Notwithstanding anything to the contrary herein, MCA may, in its absolute discretion, provide notification to its subscribers, whether directly or by means of a local press release, relating to the availability of the Channel in the Territory or the services and features provided and/or offered by MCA to its subscribers.

18.2. All public announcements and media releases (which shall also include announcements or releases in promotional or marketing materials) relating to this Agreement or its subject matter, shall be jointly co-ordinated by the Parties and subject to the approval of both Parties prior to the announcement or release thereof.

19. ANNUAL MEETING

The Parties agree to meet once per annum during the Term to discuss issues of mutual concern with regard to the Pay TV Channels. Each Party shall be represented by its Chief Executive Officer or a senior representative of the Party as appointed by such Chief Executive Officer. Either Party may request the annual meeting by giving written notice to the other Party and each Party shall use reasonable efforts to ensure that the meeting is scheduled within sixty (60) days of such written notice. For the avoidance of doubt, the annual meeting described in this clause shall not be for purposes of discussion of any agreed upon terms and conditions as set out in this Agreement or for purposes of addressing any issues or disputes for which the process has been otherwise



set out in this Agreement.

20. CO-OPERATION

20.1. The Parties agree to co-operate with each other and take all such reasonable steps (including but not limited to the re-structuring of the Agreement and the compliance with all necessary governmental filing and disclosure requirements to enable the relevant Party to take full advantage of any reduced withholding tax rate) as may be legally available to it (i) to minimise the incidence of any taxes, levies, imposts, duties, charges, fees, deductions, withholdings, restrictions or clauses of any description on any amounts payable by or to a Party pursuant to this Agreement; and/or (ii) to avoid the imposition by any competent regulatory authority of any burdensome obligation on either of the Parties, provided that in taking such steps the Parties shall preserve the commercial intention underlying the Agreement.

20.2. In the event that this Agreement or any term of this Agreement is determined to be partially or completely void and/or unenforceable by any competent regulatory or judicial authority or ineffective, then such provision shall be struck out but the remaining provisions shall remain unaffected and have full force and effect. In such an event, the Parties shall consult with one another in good faith with a view to negotiating an alternative provision which substantially gives effect to the Parties' intentions at the date hereof and satisfies the relevant regulatory and/or judicial authority if applicable. In the event that, within 3 (three) calendar months of the commencement of discussions, no such mutually satisfactory agreement can be reached which in the reasonable opinion of both Parties substantially gives effect to their respective original intentions and which is effective and enforceable, either Party may at any time thereafter terminate this Agreement by written notice to the other Party without further liability and provided that the other Party shall not be deemed to have waived its right to terminate hereunder as a result of not exercising such right before the other Party.

21. REGULATORY APPROVAL

21.1. The Parties agree to cooperate in good faith to ensure that ICASA approves the distribution of the Channels by MultiChoice as provided herein, prior to the commencement of commercial distribution of the relevant Channel. This clause is



included for the benefit of MultiChoice only, which shall be entitled to waive the provisions of this clause by giving written notice to the SABC.

21.2. To the extent that commercial distribution of the Channels has already commenced and ICASA does not approve the distribution of the relevant Channel by MultiChoice as provided herein, then MultiChoice shall be entitled to terminate this Agreement, wholly or with respect to only the Affected Channel(s) (as defined in clause 15 above), on written notice to the SABC without any obligation to the SABC whatsoever.

21.3. The Parties agree to cooperate in good faith to ensure that ICASA approves the distribution of the MCA FTA Channel by the SABC as provided herein, prior to the commencement of commercial distribution of the MCA FTA Channel. In the event that ICASA does not approve of the distribution of the MCA FTA Channel by written notice to the SABC, the Parties shall meet to discuss ways to change the MCA FTA Channel to address the concerns raised by ICASA, or alternatively to discuss the provision of an alternative channel, which meets with ICASA's approval, for purposes of distribution by the SABC in order to achieve the objectives of this Agreement.

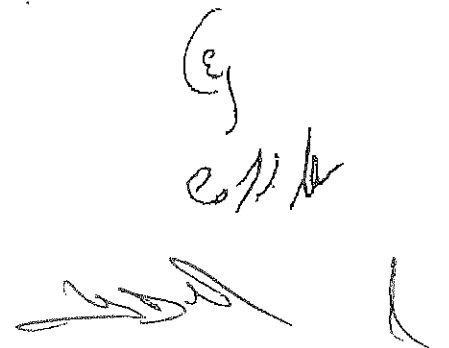
21.4. It is specifically recorded and agreed between the Parties that any statutory obligations imposed by ICASA in relation to any 'must carry obligations' shall be complied with by the Parties, notwithstanding the provisions of this Agreement. In this regard, the Parties agree to discuss the effects of such conditions in relation to this Agreement and any amendments that may be required to this Agreement, including any fees payable, as a result of such conditions.

22. NOTICE

Any notice given under the provisions of this Agreement shall be in writing, delivered by hand or sent by a registered or recorded delivery letter, sent to the address of the Party set forth in the introduction of this Agreement and, for MCA, shall be marked for the attention of the Chief Executive Officer, with a copy to the Financial Controller, and email copies to content.legal@multichoice.co.za. Any such notices shall be deemed to have been received (i) when delivered by hand, at the time of delivery provided delivery is on a Business Day; or (ii) if by recorded or registered post, 5 (five) Business Days from the date of posting.

23. MISCELLANEOUS

- 23.1. Nothing in this Agreement shall be deemed to constitute a partnership between the Parties. Neither Party shall hold itself out as an agent for the other nor purport to bind the other in any way.
- 23.2. No variation of this Agreement shall be of any force or effect unless reduced to writing and signed by the Parties to this Agreement. No delay or failure to exercise any remedy hereunder shall operate as a waiver thereof and no waiver of any term, provision or condition of this Agreement shall be effective unless it is in writing and signed by the waiving Party.
- 23.3. Neither Party shall be entitled to assign, transfer or otherwise encumber this Agreement or any of the rights or obligations hereunder without the prior written consent of the other (such consent not to be unreasonably withheld or delayed), provided that MCA shall be entitled to assign, transfer and sublicense any of its rights and obligations hereunder to any of its associates, affiliates or related entities. In addition, MCA shall be entitled to appoint an affiliate and/or third party sub-contractors to perform any of its rights or obligations set out herein.
- 23.4. Each of the Parties to this Agreement confirms that this Agreement represents the entire understanding, and constitutes the whole agreement, in relation to its subject matter and supersedes any previous agreement between the Parties with respect thereto and, without prejudice to the generality of the foregoing, excludes any warranty, condition or other undertaking implied at law or by custom, usage or course of dealing. Further, each Party confirms that it has not relied on any representation or warranty or undertaking which is not contained within this Agreement.

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AS WITNESS whereof this Agreement was executed by the Parties on the day and year first above written.

SIGNED at RAINSBURG on 3 JULY 2013.

For and on behalf of

MULTICHOICE PROPRIETARY LIMITED

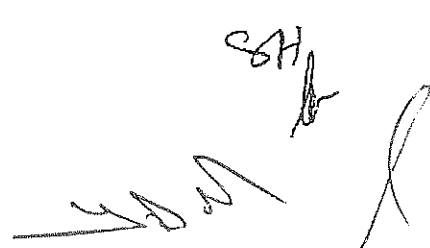
duly authorised



Signature

EREW GREYLING
Name of Signatory

CEO: PAY TV PLATFORMS
Designation of Signatory



SIGNED at SABC Auckland Park on 3 July 2013.

For and on behalf of

**SOUTH AFRICAN BROADCASTING
CORPORATION SOC LTD**

duly authorised



Signature

Christian Olivier

Name of Signatory

Acting CFO

Designation of Signatory

SIGNED at JHB on 03 July 2013.

For and on behalf of

**SOUTH AFRICAN BROADCASTING
CORPORATION SOC LTD**

duly authorised



Signature

Hlengiwe Mkhomo **COO**

Name of Signatory

Acting

Designation of Signatory



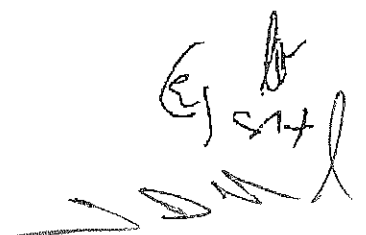
ANNEX 1 – TERRITORY

Southern Africa

Angola
Botswana
Lesotho
Malawi
Mozambique
Namibia
South Africa
Swaziland
Zambia
Zimbabwe

Rest of Africa:

Benin	Liberia
Mali	Madagascar
Burkina Faso	Mauritania
Burundi	Mauritius
Cameroon	Mayotte
Cape Verde Islands	Niger
Central African Republic	Nigeria
Chad	Reunion
Comoros	Rwanda
Congo	Sao Tome & Principe
Cote d'Ivoire	Senegal
Democratic Republic of the Congo	Seychelles
Djibouti	Sierra Leone
Equatorial Guinea	Somalia
Eritrea	South Sudan
Ethiopia	Sudan
Gabon	Tanzania
Ghana	The Gambia
Guinea	Togo
Guinea Bissau	Uganda
Kenya	Zanzibar

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ANNEX 2 - SIGNAL SPECIFICATIONS

The following specifications detail the minimum requirements for the output signals that will be delivered to the MultiChoice Equipment at the SABC Facility.

A. The following Signal Specifications shall apply from the Start Date:

VIDEO

Digital Delivery

Standard : Serial Digital Interface ITU-R-BT 601, SMPTE 259M,
ITU-R-BT 656

PAL sourced

General

1.3.1 The video signal subjective quality shall conform to CCIR 500-2 quality rating 5.

1.3.2 Standards converters must be avoided.

AUDIO

Digital Delivery

Standard : SDI Embedded

The SABC shall set the output audio levels of the Channel at -18 dBFS with a -24 to -12 dBFS adjustment range, and shall adjust the audio level within such adjustment range, on request from MCA

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EJ 817
[Signature]

B. Specifications that shall apply upon MCA notifying the SABC (instead of the specifications under A above).

DIGITAL DELIVERY

DVB ASI VIDEO

Video

Standard : : PAL sourced

Asynchronous Serial (ASI) MPEG-2 ISO/IEC 138 18-2

(includes MP@ML and DVB recommendation)

The video signal subjective quality shall conform to CCIR 500-2 quality rating 5.

Standards converters must be avoided.

AUDIO

Standard : : MPEG-I layer I and 2 (MPEG Layer II), bit-rate 128
kb/s

for a mono signal and 256 kb/s for a stereo signal. Sampling rate 48KHz.

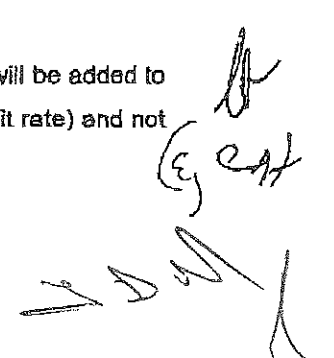
The SABC shall set the output audio levels of the Channel at -18 dBFS with a -24 to -12 dBFS adjustment range, and shall adjust the audio level within such adjustment range, on request from MCA.

GENERAL

The SABC will provide contact details for technicians who will be available on a 24 hour per day basis in order to resolve any difficulties that may arise with or during the delivery of the signal to MCA.

C. Delivery of the Channel Signals

On receipt of the Channel Signals at the Uplink Facility, the Channel Signals will be added to MCA's statistic multiplex pools. All DTH services are running VBR (Variable bit rate) and not



CBR (Constant Bit Rate and accordingly the bitrates will vary according to the content). The Channel will be transmitted at full screen resolution and at VBR settings that do not discriminate against the Channel compared with the other channels carried in the relevant multiplex pool.

The SABC shall provide reasonable notice to MCA of any changes in specification and equipment and infrastructure that would impact either on the SABC's delivery of the Channel Signals and the Channel and / or MCA's carriage and transmission of the Channel and Channel Signals.

MCA shall notify the SABC in writing as soon as reasonably possible of any changes to their technical infrastructure and or compression technology that would impact the delivery of the transmission signals and or the transmission of the Channel or Channel Signals as to the enable the SABC to align its infrastructure and equipment required for delivery of the Channels Signals to MCA.

D. Contacts for Fault Escalation

In the event of an incident or fault either Party needs to escalate the event to the other Party. The contact details for both Parties are detailed below, A Party's details may be updated from time to time by written notice by such Party to the other Party.

The SABC

Contact	Telephone	Email
Master Control Room (manned 24/7)	011 714 6140 011 714 6188 011 714 6717 011 714 6703	
Donna Potgieter, MCR Manager	082 971 6236	potgieterd@sabc.co.za
Simon Swart, Manager Broadcast Facilities	011 714 6977 083 413 6977	swarts@sabc.co.za

MCA/ SABC/ Master Channel Distribution Agreement
EXECUTION COPY

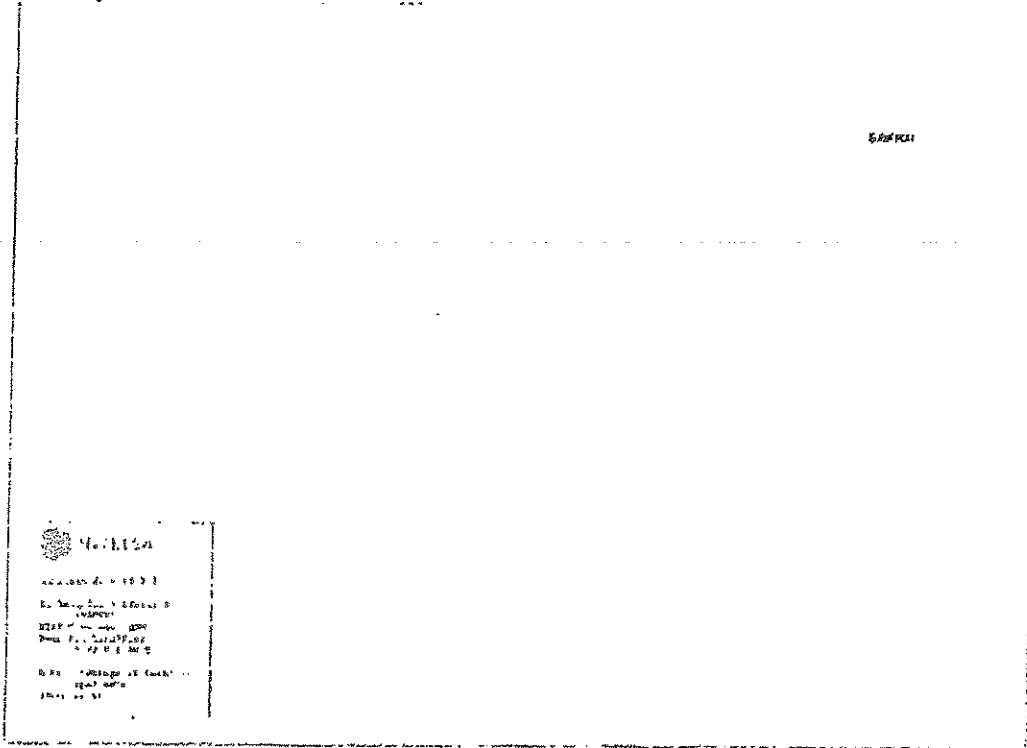
MCA

Contact	Telephone	Email
Command Centre 'Hunt Group'	011 289 3128	<u>-BTDTechOpsCommandCtr@ds.naspers.com</u>
	011 289 2120	
	011 289 3146	
Command Centre Manager	011 289 3539	<u>GVermeulen@multichoice.co.za</u>
Aviel Ramen, Technical Administrator	011 289 3128	<u>ARamen@multichoice.co.za</u>



ANNEX 3 - COVERAGE AREA

IntelSat 20



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MCA/ SABC/ Master Channel Distribution Agreement
EXECUTION COPY

Eutelsat 36B



EJ
CSH
YOM

ANNEX 4 – CHANNEL DESCRIPTION


SABC News Channel

- 1 The SABC News Channel shall be a 24/7 news channel, in English and include multi lingual local news consisting of the following -
 - 1.1 Live main news broadcasts (daily) every (30) minutes updated with the latest news stories to be refreshed every hour (with a main bulletin at the top of the hour);
 - 1.2 Headline news in indigenous South African languages weekdays every hour on the half hour during the evening news broadcasts from 21h00 – 24h00 (midnight) and, subject to par 1.1 above at any time at the SABC's discretion.
 - 1.3 the remainder of the broadcast schedule shall consist of current affairs programming, including but not limited to economic and financial roundups (including business reports), sports, parliamentary highlights, traffic, investigative and current affairs programmes, regular Africa news round ups and breakaways for regional SA/ Southern African inserts and other programmes typical of and comparable to other world class dedicated news channels; and
- 2 The news will focus primarily on local news (including local regional news) but also reflect national and African perspectives.
- 3 The SABC News Channel will include relevant weather updates, investigative and consumer news, sports and commerce updates.
- 4 The overnight broadcast (00h00 to 05h30) shall consist of a scheduled range of programming from the live broadcasts which may be pre-recorded.
- 5 In addition to the above in order to adequately cover local/ international news and current events on the SABC News Channel. In this regard the SABC shall:
 - 5.1 have the capacity to cover country wide news and breaking news stories across South Africa. The SABC has and shall maintain established bureaus in Gauteng (JHB and Pretoria), KwaZulu Natal, Mpumalanga, Polokwane, Western Cape, Eastern Cape and the Free State; and

(Handwritten signature)
SABC

ANNEX 5 - MULTICHOICE DSTV-I RESEARCH METHODOLOGY

1. Research data is collected from MCA's installed base of a minimum of 3000 DSTV-I enabled interactive STBs (incorporating the requisite modem). ("DSTV-I STBs"). The Subscribers utilizing such DSTV-I STBs are a representative sample of Individual Subscribers in South Africa (but specifically exclude VIPs and any other Subscriber to whom the relevant Channel is distributed free of charge such as MCA employees, and currently also exclude PVR Subscribers) ("DSTV-I Enabled Subscribers").
2. The Market Research shall be based on a minimum of 1000 DSTV-I Enabled Subscribers and shall include all qualifying viewers (that meet the minimum age requirement of 4+ years old) resident within the households of such DSTV-I Enabled Subscribers ("Market Research Participants").
3. The Market Research Participants' viewing data is then weighted to represent the total base of Individual Subscribers in South Africa (the "Represented Base").
4. The period of each Market Research survey shall comprise either four or five weeks ("Research Period") provided that:
 - a. each Research Period shall relate predominantly to a particular Accounting Period (the "Predominant Accounting Period"). By way of example if the Research Period runs for four weeks from Monday 4 April 2011 to Sunday 1 May 2011, such Market Research falls predominantly within the Accounting Period running from 26 March 2011 – 25 April 2011 which shall constitute the Predominant Accounting Period in which the Channel Performance is determined; and;
 - b. certain days may be excluded due to unforeseen technical issues.
5. The research methodology set out above shall be the standard methodology applied by MCA during the Term. It is acknowledged that in exceptional circumstances variations to such methodology may be required, provided that any such revised methodology shall comply with recognized market research practice, shall be validated by the Research Firm and shall continue to be based on research data which is representative of the Individual Subscriber base.

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CLOSE WINDOW | PRINT THIS STORY

"TM6"

SCREENAFRICA™

BROADCAST, FILM, TV, COMMERCIALS, NEW MEDIA & TECHNOLOGY NEWS

The signing of the contract between satellite pay-TV operator MultiChoice and South African public service broadcaster SABC, which prohibits the broadcast of SABC channels on any digital terrestrial television (DTT) free-to-air (FTA) platform that uses encrypted set-top boxes (STBs), has resulted in a war of words between MultiChoice and FTA commercial broadcaster e.tv.

MultiChoice South Africa group CEO Imtiaz Patel told Screen Africa in mid-October that the 'sensationalist statements' in the media declaring that the deal gives MultiChoice control over the SABC are 'completely devoid of truth'.

"It would be almost comical if it were not for the fact that this is part of a considered campaign by competitors of the SABC who are hell bent on derailing the agreement for their own competitive advantage," said Patel.

When asked whether the deal gave MultiChoice control over the SABC, Kaizer Kganyago, SABC spokesperson, responded: "This cannot be true. The SABC remains the only public service broadcaster in the country and is entitled to enter into agreements with any broadcaster, for as long as the agreement is mutually beneficial.

"Contrary to reports in the media that the MultiChoice deal was not sanctioned by the SABC board, all the governance processes were followed by the SABC and the interim board approved the deal."

Bronwyn Keene-Young, e.tv's chief operating officer, stated: "DTT STB control with conditional access and / or encryption is government policy – a policy that was determined in a consultative process lasting five years with input from all stakeholders and which was driven by the SABC and the Department of Communications. The only stakeholder which opposed encryption was MultiChoice.

"Having lost the battle in the government policy, MultiChoice has attempted to get its way – and to subvert the policy – by requiring the SABC to make an undertaking not to encrypt SABC1, SABC2 and SABC3 channels as a condition of MultiChoice funding the SABC's 24-hour news channel. Encryption on DTT for FTA channels is critical to the future viability of FTA broadcasting as a whole, including the local production sector which is primarily supported by the FTAs."

Screen Africa asked Kganyago why the SABC agreed to not allow its channels on encrypted DTT FTA STBs. He replied: "It is in the SABC's interest that any subscription DTT STB is capable of also receiving the SABC FTA channels. In this case any DTT subscriber would not have to purchase an additional FTA STB in order to receive the SABC FTA DTT channels. If the SABC channels were encrypted on DTT by means of a particular encryption system that is different to that of a particular subscription service, this DTT STB would not have the ability to receive the SABC channels, hence the need for a second FTA STB."

Patel has accused e.tv of favouring encrypted STBs as it would allow them to launch pay-TV services, something that Keene-Young has categorically denied on several occasions.

Keene-Young responded: "The real reason that MultiChoice opposes encryption so

vociferously is that, without encryption, MultiChoice's pay-TV M-Net division will be able to grow its tiny base of 50 000 terrestrial households to millions. Therefore M-Net's STB (which is of course encrypted) will be the gateway to most South African households for all TV – including the FTA channels.

"Without encryption, the M-Net STBs will be able to simply pick up the SABC and e.tv free-to-air channels without any intervention, so M-Net can ride on the back of the FTA channels which have local content obligations of 35% to 55% and are rolling out additional local channels in preparation for DTT to drive their STBs, when their DTT channels will be simulcasts of channels that they are running on MultiChoice's DStv platform.

"Therefore M-Net, which will not be investing in any new channels, will use the SABC's and e.tv's new FTA channels to grow their own business. Encryption enables FTA channels to control access by pay-TV operators to their channels and enables them to require M-Net to compensate them for using the SABC and e.tv channels on the M-Net STB."

Patel has rubbished these claims stating that for MultiChoice the benefit of carrying SABC channels is a convenience for its subscribers.

"No-one buys M-Net or DStv just to get the SABC channels. So e.tv's argument that we want a free ride on their channel is nonsense because FTA channels are supposed to be available for free," he said.

Meanwhile, the STB encryption policy is presently under review by Minister of Communications Yunus Carrim.

Terms of the deal

Commenting on the MultiChoice / SABC deal, Patel explained that the two broadcasters entered into a commercial content agreement last year where the SABC was to provide MultiChoice with a 24-hour news channel (which launched on the DStv platform on 1 August 2013) and an entertainment channel. There was no timeframe set for the latter.

Patel said that other 'spurious claims' circulating in the media claim that the cost to the SABC of the news channel will exceed the costs paid to the SABC by MultiChoice; that MultiChoice has exclusive access to the entire SABC archive; that MultiChoice can commercially exploit the SABC trademark which is unfair; and that the SABC was slapped with a R1m penalty because it did not launch the entertainment channel by 3 October 2013.

"The SABC is currently sitting on a vast archive of content, an asset which is lying fallow and has not been leveraged for additional income, partly due to the fact the archive is not digitised. Thus, the SABC's entertainment channel is based on using existing archive content and leveraging that for value. MultiChoice only has exclusivity for a small portion of this archive.

"We do have access to the SABC trademark, so as to reflect the SABC channels on the electronic programme guide and to market the channel. This is a standard clause in our agreements with all the channels on our platform," concluded Patel.



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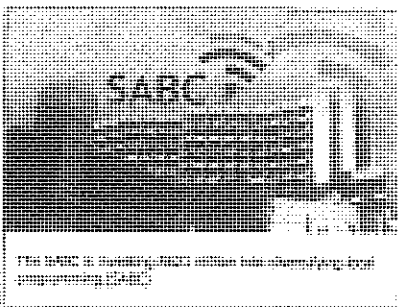


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SABC invests more than R600 million in local content

Monday 27 October 2014 18:08

SABC



The Public Broadcaster on Monday announced a R600 million investment in its request for proposals for local content.

It wants to encourage programmes to reflect cultural diversity, languages and life experiences.

An indication of a firm financial turn-around, the SABC is investing R621 million into diversifying local programming.

The public broadcaster is urging local producers to pitch new creative products.

"We want new producers to emerge. We want youth to emerge, we want people with disabilities to emerge, so that they can produce local content," says SABC COO Hlaudi Motsoeneng.

The public broadcaster is trying to net at least a hundred new local programs, from drama to

educational programs.

TV Group Executive, Verona Duwartah, says the SABC is "looking for innovation, we are looking for stories that will inspire the nation. We are looking for stories that will educate young and old".

Producers are encouraged to pitch programs in mother tongue languages.

"We want provinces to produce more content. We want people to produce in their own languages," says Duwartah.

The public broadcaster says this move will generate employment and development of the independent production industry.

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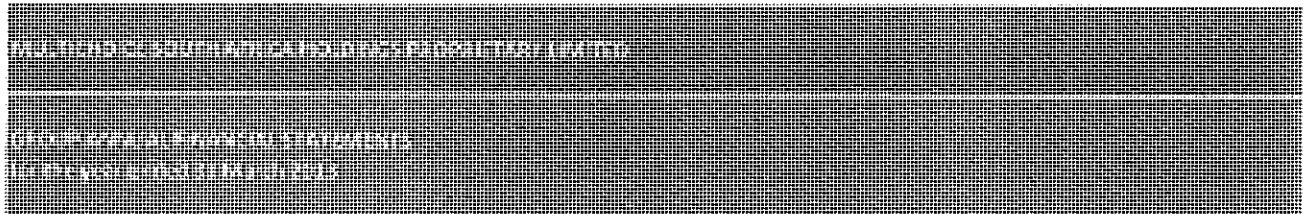
"TM8"

MULTICHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED

GROUP ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013



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PROMINENT NOTICE

These annual financial statements have been audited by our external auditors PricewaterhouseCoopers Inc. in compliance with the applicable requirements of the Companies Act, 2008. Tim Jacobs (Chief Financial Officer) supervised the preparation of the annual financial statements.

COMPANY INFORMATION

Registration number: 2006/015293/07

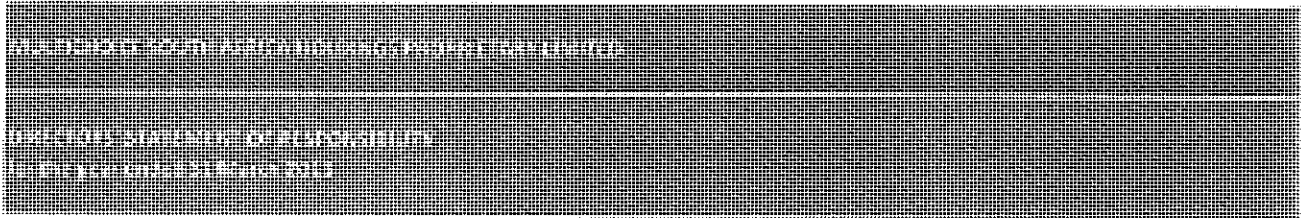
Registered address: 251 Oak Avenue
Randburg
2194

Postal address: P O Box 1502
Randburg
2125

CONTENTS

	Page
Directors' statement of responsibility	2
Report of the audit committee	3 - 4
Directors' report	5 - 6
Certificate by the company secretary	6
Report of the independent auditors	7
Group statement of financial position	8
Group statement of profit or loss	9
Group statement of comprehensive income	10
Group statement of changes in equity	11
Group statement of cash flows	12
Notes to the group annual financial statements	13 - 68
Analysis of subsidiaries, joint ventures and associates	69 - 70
Company statement of financial position	71
Company statement of comprehensive income	72
Company statement of changes in equity	73
Company statement of cash flows	74
Notes to the company annual financial statements	75





The directors are responsible for the preparation, integrity and fair presentation of the group and separate financial statements of MultiChoice South Africa Holdings Proprietary Limited. The financial statements presented on pages 8 to 75 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa, and include amounts based on judgements and estimates made by management.

The directors consider that in preparing the financial statements, they have used the most appropriate accounting policies, consistently applied and supported by reasonable prudent judgements and estimates, and that all IFRS that they consider to be applicable have been followed. The financial statements fairly present the results of operations for the year and the financial position of the group and company at year end in accordance with IFRS.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose, with reasonable accuracy, the financial position and results of the group and company to enable the directors to ensure that the financial statements comply with relevant legislation.

The group operates in an established control environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the group or any company within the group will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the group and the company.

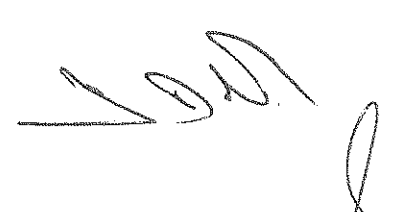
The financial statements have been audited by the independent auditors, PricewaterhouseCoopers Inc., who were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

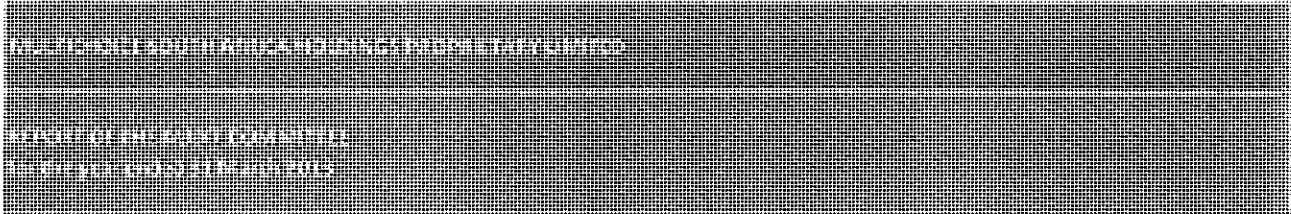
The audit report of PricewaterhouseCoopers Inc. is presented on page 7

The financial statements were approved by the board of directors on 29 May 2013 and are signed on its behalf by:

FLN Letele
DIRECTOR

MI Patel
DIRECTOR





The audit committee has pleasure in submitting this report, as required by section 94 of the South African Companies Act No 71 of 2008 ("the Act").

FUNCTIONS OF THE AUDIT COMMITTEE

The audit committee has adopted formal terms of reference, delegated to it by the board of directors, as its audit committee charter. The audit committee has discharged the functions in terms of its charter and ascribed to it in terms of the act as follows:

- Reviewed the year-end financial statements, culminating in a recommendation to the board to adopt them. In the course of its review the committee:
 - took appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa;
 - considered and, when appropriate, made recommendations on internal financial controls;
 - dealt with concerns or complaints relating to accounting policies, internal audit, the auditing or content of annual financial statements, and internal financial controls; and
 - reviewed legal matters that could have a significant impact on the organisation's financial statements.
- Reviewed external audit reports on the annual financial statements;
- Approved the internal audit charter for recommendation to the board. Approved the internal audit plan and budget;
- Reviewed the internal audit and risk management reports and, where relevant, recommendations being made to the board;
- Evaluated the effectiveness of risk management, controls and the governance processes;
- Verified the independence of the external auditors and nominated PricewaterhouseCoopers as the auditors for 2013 and noted the appointment of Mr KJ Dikana as the designated auditor;
- Approved audit fees and engagement terms of the external auditors;
- Determined the nature and extent of allowable non-audit services and approved contract terms for the provision of non-audit services by the external auditors.

MEMBERS OF THE AUDIT COMMITTEE AND ATTENDANCE AT MEETINGS

The audit committee consists of the non-executive directors listed hereunder and meets at least three times per annum in accordance with the charter. All members act independently as described in section 94 of the Companies Act. During the year under review the following four meetings were held:

- 6 June 2012 - DG Eriksson (Chairman), FG Sampson and S Dakile-Hlongwane attended.
- 5 September 2012 - DG Eriksson (Chairman), FG Sampson and S Dakile-Hlongwane attended.
- 1 November 2012 - DG Eriksson (Chairman), FG Sampson
- 6 March 2013 - DG Eriksson (Chairman), FG Sampson and S Dakile-Hlongwane attended.

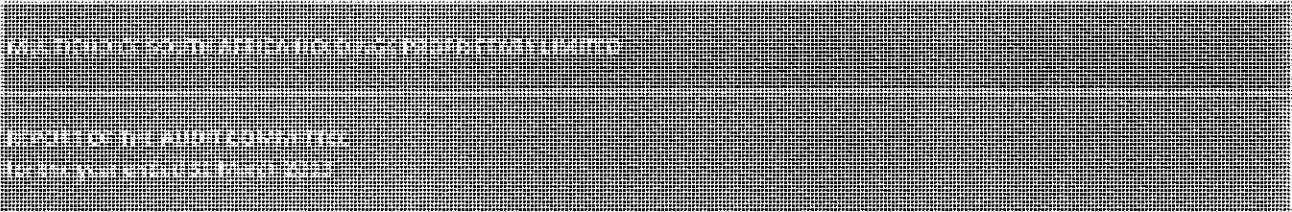
Name of committee member	Qualifications
DG Eriksson	Chartered Accountant (SA)
FG Sampson	Bachelor of Science Bachelor of Business Management & Administration with Honours Master of Business Management & Administration
S Dakile-Hlongwane	Bachelor of Economics and Statistics Master of Development Economics

All committee members served on the committee for the full financial year.

INTERNAL AUDIT

The audit committee fulfils an oversight role on the group's financial statements and the reporting process, including the system of internal financial control. It is responsible for ensuring the internal audit function is independent and has the necessary resources, standing and authority in the organisation to enable it to discharge its duties. Furthermore, the committee oversees cooperation between the internal and external auditors, and serves as a link between the board of directors and these functions.





ATTENDANCE

The internal and external auditors, in their capacity as auditors to the group, attended and reported at all meetings of the audit committee. The risk management function was also represented. Executive directors and relevant senior managers attended meetings by invitation.

CONFIDENTIAL MEETINGS

Audit committee agendas provide for confidential meetings between the committee members and the internal and external auditors.

INDEPENDENCE OF EXTERNAL AUDITORS

During the year under review, the audit committee reviewed a representation by the external auditors and, after conducting its own review, confirmed the independence of the auditors.


EXPERTISE AND EXPERIENCE OF FINANCE FUNCTION

The committee satisfied itself that the composition, experience and skills set of the finance function met the group's requirements.

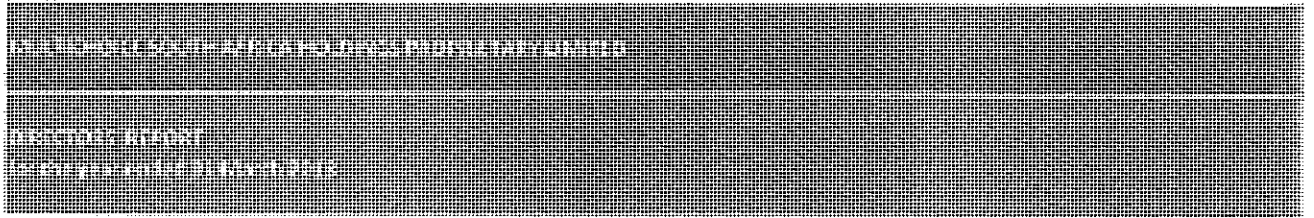
DISCHARGE OF RESPONSIBILITIES

The committee determined that during the financial year under review it had discharged its legal and other responsibilities as outlined in terms of its remit, details of which are included on page 3 of this report. The board concurred with this assessment.

DG Eriksson
Chair: Audit committee
29 May 2013



Handwritten signature and initials.



NATURE OF OPERATIONS

MultiChoice South Africa Holdings Proprietary Limited ("MCSAH") was incorporated on 19 May 2006 under the laws of the Republic of South Africa. The principal activities of MCSAH and its operating subsidiaries, joint ventures and associated companies (collectively "the group") are the operation of pay-television and internet subscriber platforms. These activities are conducted primarily in South Africa.

OPERATING AND FINANCIAL REVIEW

The MCSAH group of companies achieved an increase in net profit of 11% (2012: 21%) and in revenue of 17% (2012: 16%) as a result of revenue growth due to the increase in subscriber numbers and general cost containment in the group. Overall, the group's core business continued to grow, despite the current state of the general economic environment.

SHARE CAPITAL

The authorised share capital at 31 March 2013 was 3 000 000 000 at R0.0001 each. The authorised and issued share capital have not changed during the year. Refer to note 15 for details of issued share capital.

PROPERTY, PLANT AND EQUIPMENT

At 31 March 2013 the group's investment in property, plant and equipment amounted to R6 164 million (2012: R2 446 million), of which R5 004 million (2012: R859 million) was added in the current year through additions.

The group's investment in new technologies continued, the most notable being the migration to a new satellite IS-20, which allows for additional capacity, enabling the launch of more HD channels and providing for new services to be delivered to customers.

The group has commitments in respect of contracts placed for capital expenditure to the amount of R965.5 million (2012: R237.4 million). Refer to note 25 for details. These commitments have been approved by the boards of directors of the various group companies.

DIVIDENDS

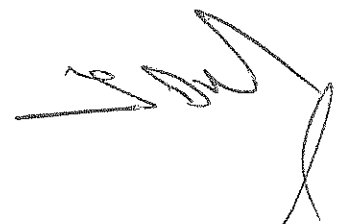
An ordinary dividend of R2 billion (2012: R1.5 billion) and a special dividend of R3 billion (2012: R4.5 billion) was paid in the current year. The ordinary dividend paid was 592.6 cents per share (2012: 444.4 cents per share) and the special dividend paid was 888.9 cents per share (2012: 1333.3 cents per share). The board recommends that an ordinary dividend of R2.4 billion be declared (711.1 cents per share) and a special dividend of R2.1 billion (622 cents per share).

GROUP

MCSAH's principal shareholders are MIH Holdings Proprietary Limited, Phuthuma Nathi Investments Limited and Phuthuma Nathi Investments 2 Limited, who own 80%, 13.3% and 6.7% respectively. MCSAH's ultimate controlling party is Naspers Limited, a company listed on the JSE Securities Exchange of South Africa. All subsidiaries, joint ventures and associates share the same financial year-end as

The name, country of incorporation and effective financial percentage interest in each of the group's principal subsidiaries, joint ventures and associates are disclosed in an appendix to these financial statements on pages 69 - 70.

There were no significant acquisitions or divestitures during the year ended 31 March 2013. For details relating to acquisitions in the group, refer to note 3 to the group annual financial statements.



DIRECTORS, SECRETARY AND AUDITORS

The company's directors are as follows:

DG Eriksson
FG Sampson
FLN Letele
JJ Volkwyn
JP Bekker
KB Sibiya
KD Moroka
MI Patel
S Dakile-Hlongwane
SJZ Pacak
T Vosloo

The company secretary is LJ Klink, appointed 1 February 2013 (replacing S Khan). Refer to page 1 for details of the registered and postal addresses.

PricewaterhouseCoopers Inc. will continue in office as auditors in accordance with section 90 of the South African Companies Act.

BORROWINGS

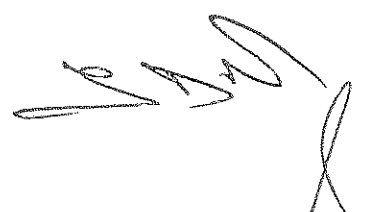
The company has unlimited borrowing powers in terms of its Memorandum of Incorporation.

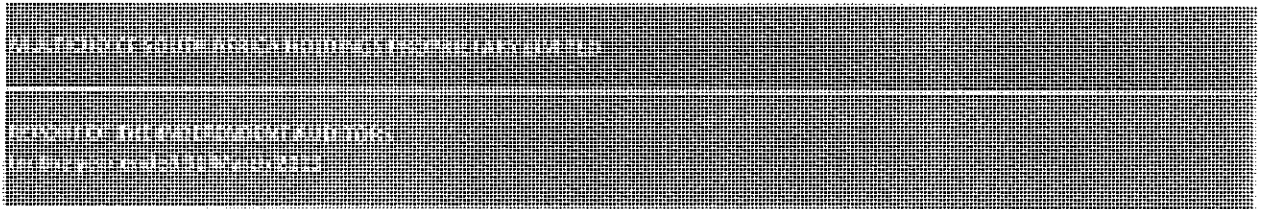
SUBSEQUENT EVENTS

No events have occurred subsequent to 31 March 2013 and up to the date of signing that have required MCSAH to make further adjustment or disclosure in these annual financial statements.

I, Lurica Klink, being the company secretary of Multichoice South Africa Holdings Proprietary Limited, certify that the company has, for the year under review, lodged all returns required of a public company with the Registrar of Companies, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

L Klink
Company secretary
29 May 2013





REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MULTICHOICE SOUTH AFRICA HOLDINGS PROPRIETARY LIMITED

We have audited the consolidated and separate financial statements of MultiChoice South Africa Holdings Proprietary Limited set out on pages 8 to 75, which comprise the consolidated and separate statements of financial position as at 31 March 2013, and the consolidated and separated statements of profit and loss, comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of MultiChoice South Africa Holdings Proprietary Limited as at 31 March 2013, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

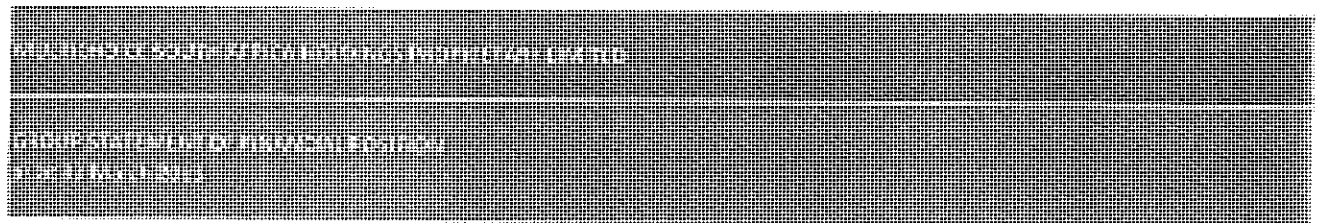
Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 March 2013, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.
Director: KJ Dikana
Registered Auditor
Johannesburg

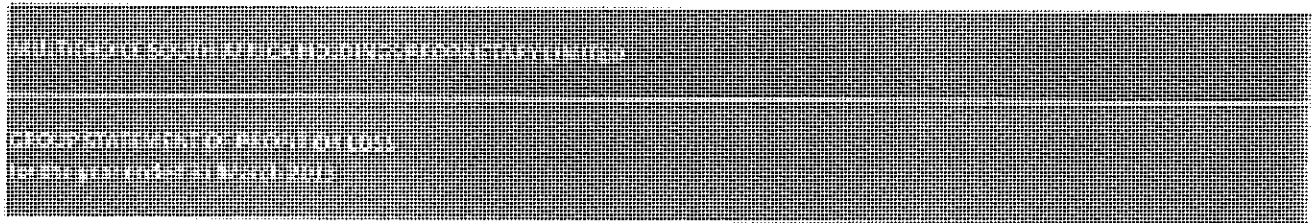
29 May 2013





	Note	2013 R'000	2012 R'000
ASSETS			
Non current assets			
Property, plant and equipment	4	11,165,213	7,139,513
Goodwill	5	6,163,653	2,445,841
Other intangible assets	6	3,410,133	3,425,704
Investment in associates	7	210,982	207,400
Available-for-sale investments	8	46,446	50,503
Derivative asset	37	816,517	638,161
Deferred taxation asset	9	53,153	50,636
Amounts due from related parties	23	350,138	239,817
		114,191	81,451
Current assets			
Inventory	10	6,986,702	5,442,559
Programme and film rights	11	226,555	212,765
Trade receivables	12	1,868,268	1,521,891
Other receivables	13	631,423	541,911
Amounts due from related parties	23	1,338,094	1,157,384
Derivative asset	37	895,727	630,139
Current taxation asset	37	372,186	52,944
Cash and cash equivalents	14	80,778	74,802
		1,573,671	1,250,723
Total assets		18,151,915	12,582,072
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital and premium	15	7,101,663	7,092,780
Other reserves	16	17,216,270	17,216,270
Retained earnings	17	(14,063,030)	(14,431,717)
Attributable to equity holders of the group		3,963,084	4,320,212
Non-controlling interests		7,116,324	7,104,765
		(14,661)	(11,985)
Non current liabilities			
Finance lease liabilities	18	4,363,581	246,155
Long-term loan	19	3,290,439	-
Share based payment liability	24	860,708	-
Derivative liability	37	91,015	72,510
Deferred taxation liability	9	-	3,298
		121,419	170,347
Current liabilities			
Current portion of finance lease liabilities	18	6,686,671	5,243,137
Payable for programme and film rights	20	174,835	101,988
Trade payables		1,356,601	978,635
Provisions	21	1,694,356	1,417,746
Other payables	22	23,100	23,100
Share based payment liability	24	2,837,930	2,444,871
Amounts due to related parties	24	78,679	45,087
Derivative liability	23	277,115	198,368
Bank overdraft	37	-	33,342
	14	244,055	-
Total equity and liabilities		18,151,915	12,582,072

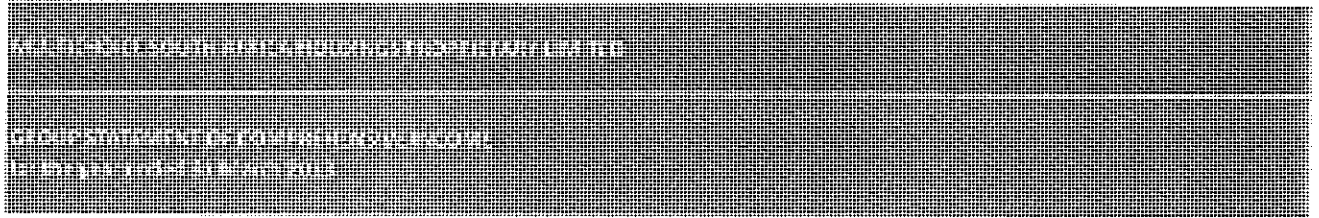
The notes on pages 13 to 70 are an integral part of these group annual financial statements.



	Note	2013 R'000	2012 R'000
Revenue	26	23,886,724	20,483,623
Cost of providing services and sale of goods		(13,394,329)	(9,673,631)
Selling, general and administration costs		(3,482,555)	(4,929,024)
Other gains	27	4,719	3,822
Operating profit	28	7,014,559	5,884,790
Finance income	29	87,411	145,086
Finance costs	29	(266,082)	(153,285)
Foreign exchange differences	30	(369,033)	(74,133)
Share of equity-accounted investments' results	7	(463)	(1,387)
Impairment of equity-accounted investments	7	(5,000)	-
Acquisitions and disposals		2,596	-
Profit before taxation		6,463,988	5,801,071
Taxation	31	(1,826,813)	(1,639,195)
Net profit for the year		4,637,175	4,161,876
Attributable to:			
Equity holders of the group		4,642,872	4,167,683
Non-controlling interests		(5,697)	(5,807)
		4,637,175	4,161,876

The notes on pages 13 to 70 are an integral part of these group annual financial statements.





	Note	2013 R'000	2012 R'000
Net profit for the year		4,637,175	4,161,876
Changes in value of available-for-sale investments *	8	176,572	99,005
Foreign currency translations			
- Net gain/(loss), gross		32,984	485
- Net gain/(loss), tax portion		-	(136)
Changes in value of cash flow hedges			
- Net fair value gain, gross	16	202,854	457,141
- Net fair value gain, tax portion	16	(56,919)	(127,999)
Total comprehensive income		<u>4,992,666</u>	<u>4,590,372</u>
Attributable to:			
Equity holders of the group		4,998,363	4,596,133
Non-controlling interests		(5,697)	(5,761)
		<u>4,992,666</u>	<u>4,590,372</u>

The notes on pages 13 to 70 are an integral part of these group annual financial statements.

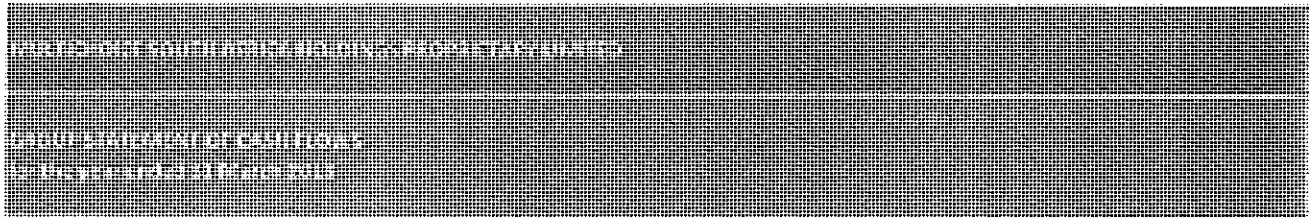
* There is no tax impact for these items



Note	Number of shares	Share capital and premium R'000	Other reserves							Attributable to equity holders of the group R'000	Non-controlling interests R'000	Total R'000
			Existing control business combination R'000	Fair value R'000	Foreign currency translation R'000	Hedging R'000	Share based payment R'000	Retained earnings R'000	Share based payment R'000			
Balance at 1 April 2011	337,500,000	17,216,270	(15,126,824)	466,444	404	(308,285)	95,622	6,152,529	8,496,160	(6,224)	8,489,936	
Comprehensive income	-	-	-	99,005	303	329,142	-	4,167,683	4,596,133	(5,761)	4,590,372	
Share based compensation movements *	-	-	-	-	-	-	12,472	-	12,472	-	12,472	
Dividends paid	-	-	-	-	-	-	-	(5,000,000)	(5,000,000)	-	(6,000,000)	
Balance at 31 March 2012	337,500,000	17,216,270	(15,126,824)	565,449	707	20,857	108,094	4,320,212	7,104,765	(11,985)	7,092,780	
Balance at 1 April 2012	337,500,000	17,216,270	(15,126,824)	565,449	707	20,857	108,094	4,320,212	7,104,765	(11,985)	7,092,780	
Comprehensive income	-	-	-	176,572	32,984	145,935	-	4,642,872	4,988,363	(5,697)	4,992,666	
Share based compensation movements *	-	-	-	-	-	-	16,547	-	16,547	-	16,547	
Acquisition of additional interest in subsidiary	-	-	(3,351)	-	-	-	-	-	(3,351)	3,021	(330)	
Dividends paid	-	-	-	-	-	-	-	(5,000,000)	(5,000,000)	-	(5,000,000)	
Balance at 31 March 2013	337,500,000	17,216,270	(15,130,175)	742,021	33,691	166,792	124,641	3,963,084	7,116,324	(14,661)	7,101,663	

The notes on pages 13 to 70 are an integral part of these group annual financial statements.

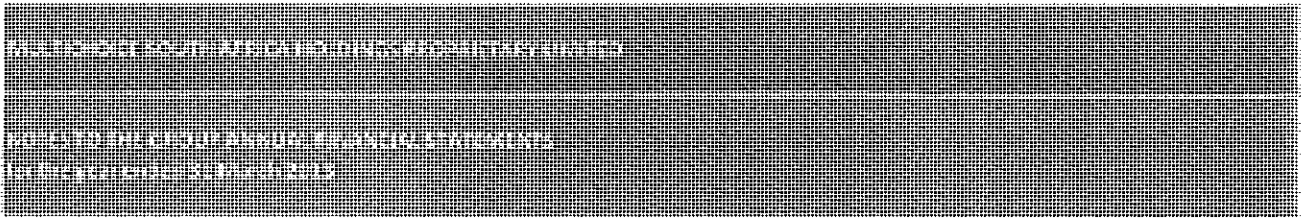
* There is no tax impact for this item



	2013	2012
Note	R'000	R'000
Cash flow from operating activities	5,953,830	5,025,593
Cash receipts from customers	23,616,502	20,007,805
Cash paid to suppliers and employees	<u>(15,480,471)</u>	<u>(13,505,817)</u>
Cash generated by operations	32 8,136,031	6,501,988
Net interest received	34 (137,963)	27,532
Taxation paid	33 (2,048,957)	(1,507,749)
Dividends received from Naspers Ltd (listed investment)	27 4,719	3,822
Cash flow from investing activities	(1,441,935)	(858,188)
Acquisition of property, plant and equipment	35 (1,315,433)	(753,461)
Proceeds from disposal of property, plant and equipment	3,399	148
Acquisition of intangible assets	(151,095)	(122,896)
Proceeds from disposal of intangible assets	15,756	17,445
Acquisition of subsidiary	3 11,033	-
Loans made to associates	(1,406)	559
Proceeds from disposal of other investments	(4,189)	17
Cash flow from financing activities	(4,407,293)	(6,178,186)
Long-term loans repaid	-	(7)
Proceeds from long term loans	860,000	-
Repayments of finance lease liability	(188,323)	(213,633)
Funding from related party	(54,378)	35,454
Acquisition of additional interest in subsidiary	36 (350)	-
Purchase shares for share based comp	(24,242)	-
Dividends paid	(5,000,000)	(6,000,000)
Change in cash and cash equivalents for the year	104,602	(2,010,781)
Cash and cash equivalents at the beginning of the year	1,250,723	3,255,551
Foreign exchange adjustments to cash and cash equivalents	(25,709)	5,953
Cash and cash equivalents at the end of the year	14 <u>1,329,616</u>	<u>1,250,723</u>

The principal non-cash transactions are the acquisition of equipment using finance leases and equity-settled share based payment transactions.

The notes on pages 13 to 70 are an integral part of these group annual financial statements.



1 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements and group annual financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The annual financial statements and group annual financial statements are presented in accordance with, and comply with the Companies Act of South Africa, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee (IFRIC) interpretations issued and effective at the time of preparing these financial statements. The financial statements are prepared according to the historical cost convention as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities (including derivative instruments) with movements recognised in profit or loss.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company and the group's accounting policies. These estimates and assumptions affect the reported amounts of assets, liabilities and contingent liabilities at the reporting date as well as the reported income and expenses for the year. Although estimates are based on management's best knowledge and judgement of current facts as at the reporting date, the actual outcome may differ from these estimates, possibly significantly.

Refer to note 2 as well as the individual notes for those areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

1.1 Basis of consolidation

The group annual financial statements include the results of MultiChoice South Africa Holdings (Pty) Ltd and its subsidiaries, associates and joint ventures.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date that effective control is transferred to the group and are de-consolidated from the date that effective control ceases. Similarly, the results of a subsidiary divested during an accounting period are included in the group financial statements only to the date of disposal.

The group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interests proportionate share of the acquiree's net assets.

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

All intergroup transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses arising from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Losses attributable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.





Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity in the existing control business combination reserve. Gains or losses on disposals to non-controlling interests are also recorded in the existing control business combination reserve.

Disposal of subsidiaries

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Common control transactions

Business combinations in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination (and where that control is not transitory), are referred to as common control transactions. The accounting policy for the acquiring entity would be to account for the transaction at book values in its consolidated financial statements. The book values of the acquired entity are the consolidated book values as reflected in the group annual financial statements of the selling entity. The excess of the cost of the transaction over the acquirer's proportionate share of the net asset value acquired in common control transactions, will be allocated to the existing business combination reserve in equity. Where comparative periods are presented, the financial statements and financial information are not restated.

Associated companies

Associates are all entities over which the group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit and loss of the investee after the date of the acquisition. The groups' investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

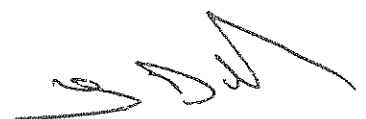
If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

The group's share of post-acquisition profit or loss is recognised in profit or loss and its share of post-acquisition movements in other comprehensive income, with a corresponding adjustment to the carrying amount of the investment. Where the group's share of losses in the associate equals or exceeds its interest in the associate, including any unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit / (loss) of associates' in the statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the group and its associates are recognised in the group's financial statements only to the extent of the unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency of the policies adopted by the group.

Dilution gains and losses arising on disposal of investments in associates are recognised in the statement of profit or loss.



Joint ventures

The group's interests in jointly controlled entities are accounted for by proportionate consolidation. The group combines its share of joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements. The group recognises the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other venturers. The group does not recognise its share of gains or losses from the joint venture that result from the purchase of assets by the group from the joint venture until it resells the assets to an independent third party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the group.

1.2 Financial assets

Classification

The group classifies its financial assets into the following categories: at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of sale in the short term. Derivatives are also recognised as held for trading unless they are designated as hedging instruments. Assets in this category are classified as current assets if they are expected to be settled within 12 months, otherwise they are classified as non-current. At 31 March 2012 and 2013, the group had no financial assets at fair value through profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other category. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within twelve months of the end of the current reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period, which are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables', 'amounts due from related parties' and 'cash and cash equivalents' in the statement of financial position.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date - the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest rate method.

Gains and losses arising from the changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of profit or loss within selling, general and administration costs in the period in which they arise.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.



When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the statement of profit or loss as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest rate method is recognised in the statement of profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in profit or loss as part of 'other gains' when the group's right to receive payment has been established.

1.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

1.4 Impairment of financial assets

(a) Assets carried at amortised cost

The group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ("a loss event") and the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

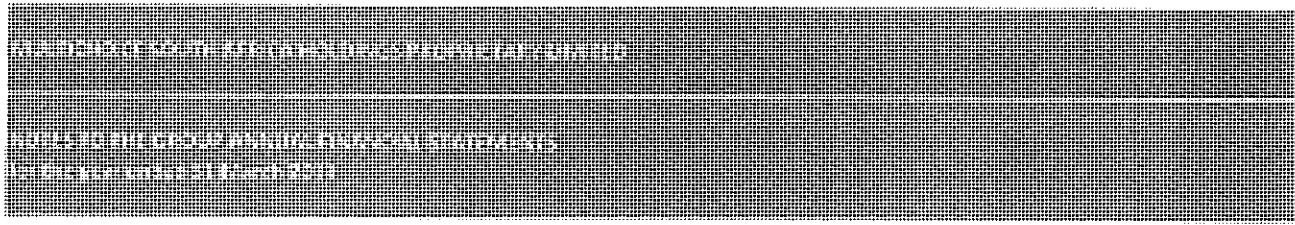
For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

(b) Assets classified as available-for-sale

The group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. For debt securities, the group uses the criteria referred to in (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from other comprehensive income and recognised in profit and loss. Impairment losses recognised in the consolidated statement of profit or loss on equity instruments are not reversed through the consolidated statement of profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated statement of profit or loss.





1.5 Property, plant and equipment

Land and buildings comprise mainly offices. Land and buildings are stated at historical cost.

Other property, plant and equipment are stated at historical cost, being the purchase cost plus any cost directly attributable to the preparation of the assets for their intended use, less accumulated depreciation and any accumulated impairment losses. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated as it is deemed to have an indefinite useful life. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. Depreciation periods are subject to the following maximum limits:

Land:	Indefinite
Buildings:	50 years
Transmission equipment:	5 to 20 years
Computer equipment:	3 to 5 years
Office equipment:	2 to 10 years
Furniture:	5 years
Vehicles:	3 to 10 years

Major leasehold improvements are amortised over the shorter of their respective lease periods and estimated useful economic life. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits will flow to the group and the cost can be reliably measured. Major renovations are depreciated over the remaining useful economic life of the related asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the asset's carrying amount and are recognised within 'other gains/ losses' in the statement of profit or loss.

1.6 Leased assets

The group leases certain property, plant and equipment. Leases of property, plant and equipment, except land, are classified as finance leases where, substantially all risks and rewards associated with ownership of an asset are transferred from the lessor to the group as lessee. Assets classified as finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the estimated present value of the underlying minimum lease payments, with the related lease obligation recognised at the estimated present value of the minimum lease payments. Bank rates are used to calculate present values of minimum lease payments. Capitalised leased assets are depreciated over their estimated useful lives, limited to the duration of the lease agreement.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.



Leases of assets under which substantially all the risks and rewards of ownership are effectively retained by the third-party lessor, are classified as operating leases. Operating lease rentals (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

1.7 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and operations and represents the excess of the consideration transferred over the fair value of the group's share of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill on acquisition of subsidiaries and joint ventures is presented separately from 'other intangible assets' in the statement of financial position. Goodwill on acquisitions of associates is included in 'investment in associates'.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of the value-in-use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Other intangible assets

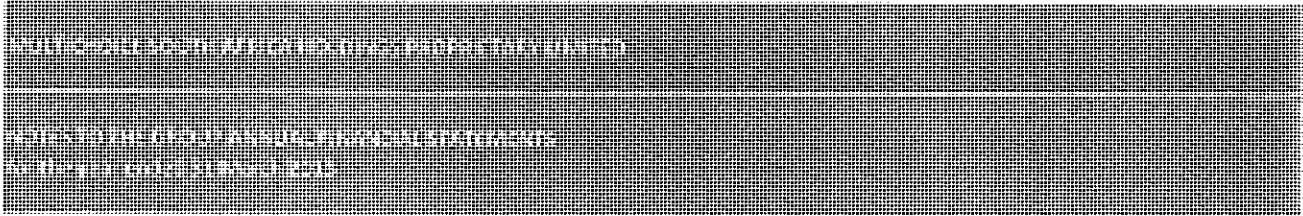
Naming rights are carried at cost and are amortised against income over the period that future benefits are expected to arise.

Transfer fees in respect of player contracts acquired are capitalised and amortised over the contract period. The group regularly assesses whether there is any indication of impairment and any impairment loss is recognised immediately in profit or loss.

Separately acquired intangible assets are shown at historical cost. Trademarks, brand names, subscriber bases, content agreements, customer relationships, the analogue licence, film library and licences acquired in a business combination are recognised at fair value at the acquisition date. These intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated on the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives subject to the following maximum limits:

■ Intellectual property rights	3 years
■ Brand names:	3 to 5 years
■ Subscriber base:	5 years
■ Software (including internally developed software):	2 to 5 years
■ Content agreements:	3 years
■ Customer relationships:	5 years
■ Analogue license:	4 years
■ Film library:	2 years
■ Soccer player rights:	3 to 5 years





Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs (software and website) that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include software development employee costs and an appropriate portion of the relevant overheads.

Other development expenditures that do not meet these criteria are expensed as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

No value is attributed to internally developed trademarks or similar rights and assets. The costs incurred to develop these items are charged to profit or loss in the period in which they are incurred.

1.8 Programme and film rights

Programme material rights

Purchased programme and film rights are stated at acquisition costs less accumulated amortisation. Programme material rights, which consist of the rights to broadcast programmes, series and films, are recorded at the date the rights come into license at the spot rates on the purchase date. The rights are amortised based on contracted screenings or expensed where management have confirmed that it is their intention that no further screenings will occur.

Programme material rights contracted by the reporting date in respect of programmes, series and films not yet in license are disclosed as commitments.

Programme production costs

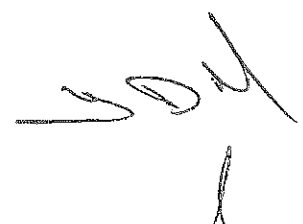
Programme production costs, which consist of all costs necessary to produce and complete a programme to be broadcast, are recorded at the lower of direct cost or net realisable value. Net realisable value is set at the average cost of programme material rights. Where a prepayment has been made on a right, the right will be recorded at the spot rate on prepayment date for the portion of the right prepaid and at the spot rate on licence date for the portion of the licence not prepaid.

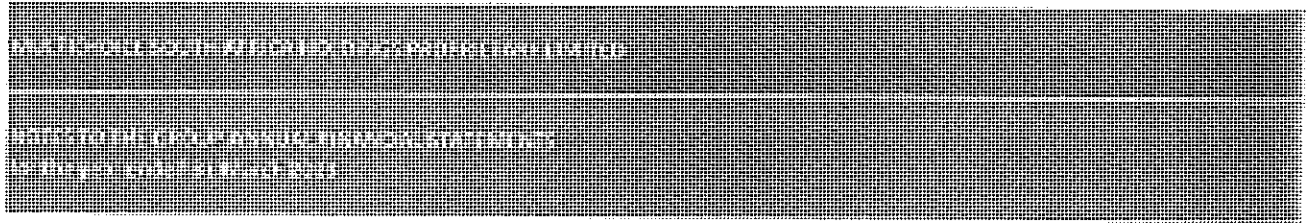
Programme production costs are amortised based on contracted screenings or expensed where management have confirmed that it is their intention that no further screenings will occur.

All programme production costs in excess of the expected net realisable value of the production on completion, are expensed when contracted.

Sports event rights

Sports events rights are recorded at the date that the period to which the events relate commences, at the rate of exchange ruling at that date. These rights are expensed over the period to which the events relate or where management has confirmed that it is its intention that the event will not be screened.





Payments made to negotiate and secure the broadcasting of sports events are expensed as incurred. Rights to future sport events contracted by the reporting date, but which have not yet commenced, are disclosed as commitments, except where payments have already been made, which are shown as prepaid expenses.

1.9 Impairment of non-financial assets

Assets that have an indefinite useful life (for example, goodwill) are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1.10 Inventory

Inventory is stated at the lower of cost and net realisable value. The cost of inventory is determined by means of the first-in-first-out (FIFO) method. The cost of finished products and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes borrowing costs. Costs of inventories include the transfer from other comprehensive income of any gains or losses on qualifying cash flow hedges relating to inventory purchases. Net realisable value is an estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Provisions are made for obsolete, unusable and unsaleable inventory and for latent damage first revealed when inventory items are taken into use or offered for sale.

1.11 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method less provision for impairment.

1.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position. For cash flow purposes, cash and cash equivalents are presented net of bank overdrafts.

1.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that some or all of the facility will be drawn-down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.





	2013 R'000	2012 R'000
10 Inventory		
Set-top boxes, modems and associated components	471,595	414,203
Consumables	4,058	7,414
	475,653	421,617
Provision for obsolete inventory	(249,098)	(208,852)
	<u>226,555</u>	<u>212,765</u>

Inventory carried at net realisable value at 31 March 2013 amounted to R223 million (2012: R205 million).

The cost of inventories recognised as an expense in cost of providing services and sale of goods amounted to R2.0 billion (2012: R1.8 billion).

11 Programme and film rights

Cost		
Programme rights	4,058,234	3,129,293
Film rights	664,204	639,708
	<u>4,722,438</u>	<u>3,769,001</u>
Accumulated amortisation		
Programme rights	(2,444,820)	(1,852,482)
Film rights	(409,350)	(394,628)
	<u>(2,854,170)</u>	<u>(2,247,110)</u>
Carrying amount		
Programme rights	1,613,414	1,276,811
Film rights	254,854	245,080
	<u>1,868,268</u>	<u>1,521,891</u>

All of these programme and film rights are classified as current on the statement of financial position. The amortisation of programme and film rights recorded in "cost of providing services and sale of goods" in the income statement amounted to R6,736 million (2012: R5,564 million)

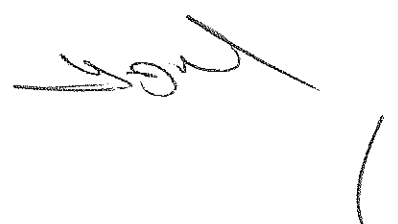
12 Trade receivables

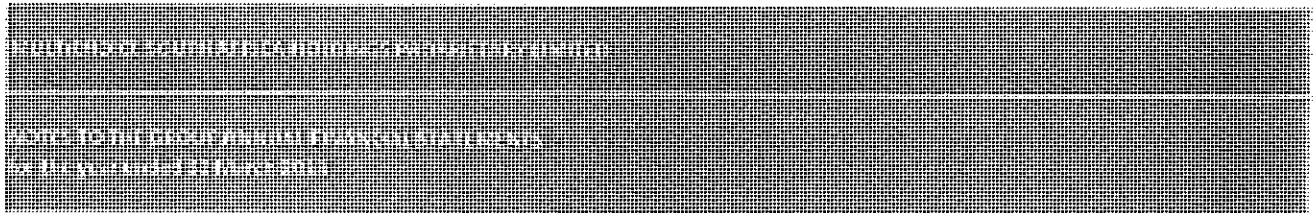
Trade receivables, gross	727,370	620,061
Provision for impairment of trade receivables	(95,947)	(78,150)
	<u>631,423</u>	<u>541,911</u>

Refer note 37 for a discussion on credit risk.

13 Other receivables

Prepayments	1,201,087	942,384
Sundry deposits	3,602	2,844
VAT and related taxes receivable	132	492
Other receivables	133,273	211,664
	<u>1,338,094</u>	<u>1,157,384</u>





2013
R'000

2012
R'000

PaySmart Africa vs Endemol and Electronic Media Network

PaySmart Africa (PaySmart) is claiming damages of R10.4 million from M-Net and Endemol, alleging that it would have been paid this amount if M-Net and Endemol had granted it the rights to provide a SMS voting system for Big Brother Africa and idols, two television shows, as allegedly contemplated in heads of agreement executed by the parties in April 2003. In February 2004, M-Net and Endemol objected to PaySmart's particulars of claim and since then, PaySmart has not taken the proceedings any further.

■ **Foreign currency commitments**

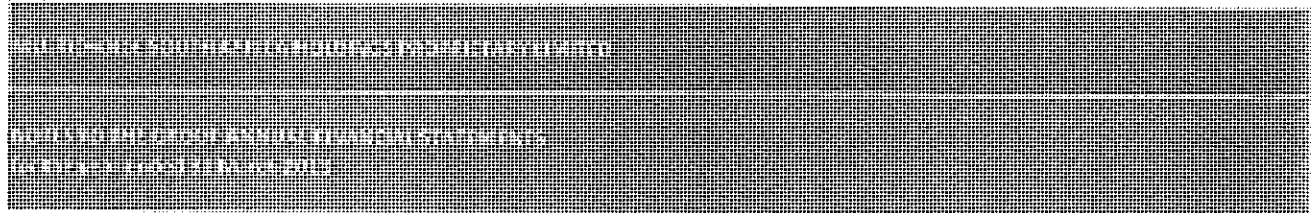
Refer to note 37 for details of foreign currency commitments.

26 Revenue

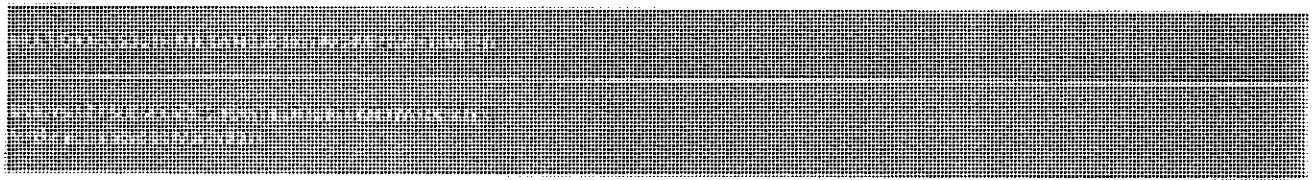
Subscription revenue	16,711,361	13,379,910
Programming revenue	2,555,807	1,944,526
Hardware and software sales	1,016,583	852,462
Advertising revenue	2,159,723	1,947,787
e-Commerce revenue	12,944	1,174,535
Subscriber management services fees	176,141	132,698
Decoder maintenance revenue	234,695	235,421
Reconnection fees	172,293	119,121
Sub-licencing revenue	257,688	338,124
Other	589,489	359,039
	<u>23,886,724</u>	<u>20,483,623</u>

27 Other gains

Dividends received from Naspers Ltd (listed investment)	4,719	3,822
	<u>4,719</u>	<u>3,822</u>



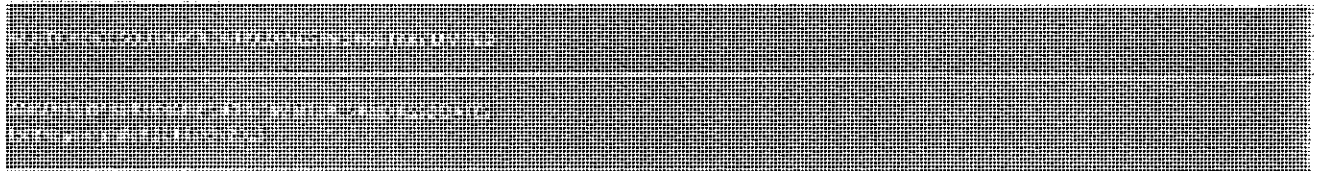
	2013 R'000	2012 R'000
28 Operating profit		
Programme and film rights	6,736,897	5,564,066
Programme guide costs	279,343	292,567
Hardware	2,070,903	1,815,648
e-Commerce	578,550	637,371
Transmission	131,589	183,703
Licence fees	181,402	142,141
Maintenance	496,146	360,847
Sales and marketing	822,319	790,577
Staff costs	2,418,356	2,073,832
- Salaries, wages and bonuses	2,139,050	1,833,176
- Retirement benefit costs	86,970	72,812
- Medical aid fund contributions	57,199	76,684
- Post-retirement benefits	-	1,812
- Share based payment charges	92,530	42,092
- Training costs	42,607	47,256
Consultants	413,226	436,510
Travel costs	162,714	141,514
Depreciation (refer note 4)	668,087	492,450
Amortisation of other intangible assets (refer note 6)	136,938	147,746
Net profit on disposal of intangible assets	(4,638)	(8,362)
Net loss on disposal of property, plant and equipment	7,757	33,511
Administration costs	328,467	305,823
General cost of providing services	973,584	839,873
General overheads	211,885	180,466
Impairment of property, plant and equipment (included in SGA)	60,253	-
Impairment of goodwill	15,571	-
Other	187,535	172,372
Total cost of providing services, distribution costs and administration costs	16,876,884	14,602,655
29 Finance income and costs		
Interest received	87,411	145,086
Loans and bank account	87,411	145,086
Interest paid	(266,082)	(153,285)
Loans and bank overdrafts	(139,013)	(141,573)
Discounting of payables	(43,911)	(571)
Finance lease liability	(83,158)	(11,141)
Net finance income	(178,671)	(8,199)
30 Foreign exchange differences		
On translation of finance lease liability	(390,532)	(571)
On translation of other assets and liabilities	(136,612)	(256,980)
On revaluation of forward exchange contracts	158,111	183,418
	(369,033)	(74,133)



Entity name	Effective holding (%)		Nature of business
	2013	2012	
Subsidiaries			
Africa Airtime Sales (Pty) Ltd *	100	100	Commercial air-time sales
CommerceZone (Pty) Ltd	100	100	Online retailer and procurement
Electronic Media Network (Pty) Ltd	100	100	Pay TV content provider
Huntley Holdings (Pty) Ltd	100	100	investment holding company
Huntley Internet Services (Pty) Ltd	100	100	Internet service provider (Dormant)
I-Tran (Pty) Ltd	100	100	Online banking platform (Dormant)
I-Tran Systems (Pty) Ltd	100	100	Online banking platform (Dormant)
Jellybean Interactive (Pty) Ltd	60	60	Online electronics retailer (Dormant)
NMS Properties (Pty) Ltd	100	100	Property holding company
M-Ore (Pty) Ltd	100	100	internet service and content provider
MSS Local Productions Nigeria Ltd *	100	100	Pay TV services in Africa
MultiChoice (Pty) Ltd (formerly Multichoice Africa (Pty) Ltd)	100	100	Subscription television
MultiChoice Investments (Pty) Ltd	100	100	investment holding company
MultiChoice Mobile Operations (Pty) Ltd	100	100	Mobile platform management services
MultiChoice Operations (Pty) Ltd	100	100	Subscriber management services
MultiChoice Rentals (Pty) Ltd	100	100	Decoder rental (Dormant)
MultiChoice South Africa (Pty) Ltd	100	100	Investment holding company
MultiChoice Technical Operations (Pty) Ltd	100	100	Subscription television technical support
M-Web Connect (Pty) Ltd	100	100	Internet service provider
Orbicom (Pty) Ltd	100	100	Subscription television infrastructure
Podesta Corporation NV **	100	100	Investment holding company
Podesta Finance BV **	100	100	Rights procurement
Smart Village (Pty) Ltd	84.38	80.63	Gated community infrastructure
Smart Village Mauritius Ltd	100	100	Gated community infrastructure
SSI Interprop Holdings Ltd	100	100	International licencing and franchising activities
SuperSport International (Pty) Ltd	100	100	Pay TV content provider
SuperSport International Holdings (Pty) Ltd	100	100	Pay TV content provider
SuperSport Sports Holdings (Pty) Ltd	100	100	investment holding company
SuperSport United Football Club (Pty) Ltd	100	100	Professional sports team
SuperSport Zone (Pty) Ltd	100	100	Internet content provider
MultiChoice Support Services (Pty) Ltd (formerly Digital Mobile Television (Pty) Ltd)	100	0	Mobile TV provider
DStv Media Sales (Pty) Ltd (previously Oracle Airtime Sales (Pty) Ltd)	100	100	Commercial air-time sales
MultiChoice Enterprise Development Trust	100	100	Enterprise Development

* Incorporated in Nigeria, with the functional currency being the Nigerian Naira

** Incorporated in the Netherlands, with the functional currency being the Euro



Entity name	Effective holding (%)		Nature of business
	2013	2012	
Joint ventures			
Centurion Park Investments (Pty) Ltd	50	50	Professional sports team
Kwazulu Natal Cricket (Pty) Ltd	50	50	Professional sports team
MultiChoice Supplies (Pty) Ltd	50	50	Decoder rental (Dormant)
MultiChoice Eastern Cape (Pty) Ltd	50	50	Subscription television
NMS Communications (Pty) Ltd	50	50	Network and facility maintenance
Smart Village at Heritage Hill (Pty) Ltd	50	50	Gated community infrastructure
Smart Village at Waterfall (Pty) Ltd	55	55	Gated community infrastructure
Smart Village at Xanadu Joint Venture (Pty) Ltd	50	50	Gated community infrastructure
Smart Village at Century Online (Pty) Ltd	50	50	Gated community infrastructure
Western Cape Cricket (Pty) Ltd	50	50	Professional sports team
Western Province Professional Cricket (Pty) Ltd	50	50	Professional sports team

** Incorporated in the Netherlands, with the functional currency being the Euro

Associates

Vodacom Cheetahs (Pty) Ltd ***	8.16	8.16	Professional sports team
Freestate Cheetahs (Pty) Ltd	24.5	24.5	Professional sports team
Natal Sharks (Pty) Ltd	40	40	Professional sports team

*** The effective investment in Vodacom Cheetahs (Pty) Ltd is below 20%. Significant influence is established through board representation.

A register containing the number of shares and class of shares for all investments in subsidiaries, joint ventures and associates is available for inspection at the group's registered office.

Combined summarised financial information of joint ventures (all of which are unlisted)

The following amounts represent the group's share of the assets and liabilities and profit or loss of joint ventures.

	2013	2012
	R'000	R'000
Financial position		
Non-current assets	7,761	23,935
Current assets	137,431	136,851
Total assets	145,192	160,786
Total non-current liabilities	329	331
Total current liabilities	135,790	146,934
Total liabilities	136,119	147,265
Total shareholders' equity	9,073	13,521
Total equity and liabilities	9,073	13,521
Profit or loss		
Revenue	36,140	44,546
Net (loss)/profit	3,443	(2,069)

Refer note 7 for the combined summarised financial information in respect of associates.

"TM9"

ANNUAL
FINANCIAL
STATEMENTS

2007/08

Statement of RESPONSIBILITY

Statement of Responsibility by the Board of Directors

The Directors of the South African Broadcasting Corporation (SABC) Limited (SABC) are responsible for the preparation of the annual financial statements of the Corporation, to maintain a sound system of internal control and to safeguard the shareholder's investment and the SABC's assets. In presenting the accompanying financial statements, International Financial Reporting Standards and applicable accounting policies have been used, while prudent judgements and estimates have been made. In order for the Directors to discharge their responsibilities, management is in the process of developing and will continue to maintain a system of internal controls, which is aimed at reducing the risk of error or loss, in a cost effective manner. Such systems can provide reasonable, but not absolute, assurance against material misstatement or loss. The Directors meet periodically, primarily through the Audit Committee, with the external and internal auditors and executive management to evaluate matters concerning accounting policies, internal controls, auditing and financial reporting.

The SABC's internal auditors independently evaluate the internal controls and coordinate their audit coverage with the external auditors. The Auditor-General is responsible for reporting on the financial statements. Both external and internal auditors have unrestricted access to all records, property, personnel and systems as well as to the Audit Committee.

Based on the information and explanations given by management and the internal auditors, and on comment by the external auditors on the results of their audit conducted for expressing their opinion, the Directors are of the opinion that the internal accounting controls are inadequate. The financial records were relied on for preparing the financial statements and maintaining accountability for assets and liabilities.

As the Directors have reviewed the Corporation's financial budgets for the year to 31 March 2014, and in the light of the current financial position, they consider it appropriate that the annual financial statements be prepared on the going-concern basis. The Auditor-General has audited the annual financial statements of the Corporation and his report appears on page 80. Against this background, the Directors of the Corporation accept responsibility for the annual financial statements, which were approved by the Board of Directors on 30 July 2013 and are signed on its behalf by:



Ms Z E Tshabalala
SABC Board of Directors
Chairman



Ms J P Mokhobo
Chief Executive Officer Executive

REPORT of the Group Chief Executive Officer

At the end of March 2013 the SABC Group of companies showed a profit after tax of R330m. This was R14m (4%) lower than the previous year's surplus.

Revenues improved by 4%. Radio advertising revenue improved by R176m (14%) and Government grants increased by R95m (73%).

Operational expenses increased by 6%. The total remuneration cost of permanent employees increased by R200m (12%). Wage negotiations led to a 9.5% increase in the salaries of staff in the bargaining unit. The investment in Television & Sport programmes increased by R146m (11%). The use of management and technical consultants decreased by R70m (52%).

The depreciation of property, plant and equipment increased by R20m.

Net finance costs decreased by R47m due to an increase in interest received of R30m and lower interest paid of R28m. This was achieved despite the increase in the repayment of the Nedbank loan. The net increase in foreign exchange costs was R8m.

The outstanding balance of the Nedbank loan was R167m at year-end. The loan repayments were escalated during the year due to cash balances above R1bn. The interest rate on the loan was 8.25% and the average interest rate earned on short term deposits was 5.25%. It made financial sense to pay the loan back faster in view of the good liquidity position and the savings in finance costs.

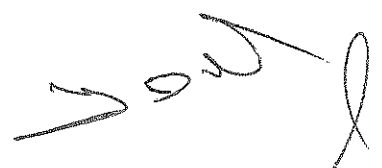
The cancellation of the Siemens/Atos technology partner contract slowed down the spending on digital migration capital projects. The Technology division focused on strengthening the internal project management capacity during the year and an increase in capital projects is expected in the new financial year.

The Television division also faced a lack of internal capacity with the issuing of requests for new productions from the RFP book during the integration of the Content division with the Television division. A new RFP book will receive priority in the new financial year.

The hosting of the AFCON 2013 tournament in South Africa was accommodated at short notice and the SABC carried an estimated schedule displacement cost of R25m. Without government funding for the local broadcaster rights a large number of South African households would not have been able to follow the event on television.

The fire at the Henley studios came as a big shock to the management and staff of the SABC. Around R10m was spent to clean up, replace critical electrical components and move productions to external studios after the fire. The full damage to the structure of the studios is being investigated before the insurance claim can be finalised.

During the financial year the SABC continued to seek ways to prepare for the launch of the new DTT television channels in a financially sustainable manner. Requests for government funding to assist with the launch of the 24 Hour News Channel failed and private investments had to be found before the channel could be launched. ICASA was also approached and asked if there were any spare frequencies available to launch the channel as a fourth analogue television channel. ICASA replied that all frequencies were being used for the launch of DTT transmissions. Sadly the



SABC was not able to make the News channel available to all South Africans before DTT transmissions start. The additional funding obtained from DSTV will make it possible for the SABC to launch the News channel on 1 August 2013 on the DSTV platform. The channel will be made available to all viewers as a free-to-air channel as soon as DTT transmissions take place.

During the year-end it became clear that unnecessary time and costs are spent on the preparation of financial statements of a number of dormant subsidiary companies in the SABC group. The shareholder will be approached in the new financial year for approval to close these dormant subsidiaries.

The SABC did not make the financial performance targets set out in the government guarantee. The inability to meet the revenue targets by R604m (9%) accounted for the bulk of the lower performance. Sponsorships were R368m (50%) lower, the sale of content R62m (66%) lower and advertising revenue R190m (4%) below the target. The lack of the planned TV licence increase added an additional R76m (8%) to the shortfall. Some unforeseen expenditures, provisions and actuarial valuations of post retirement liabilities also resulted in expenses being higher by a mere R28m (0.5%). This is a clear indication that the SABC experienced pressure on the revenue side. Not meeting the financial performance targets of the government guarantee had little impact on the overall cash flow position of the SABC.

The SABC continues to face a number of challenges that could have an impact on the future financial performance. The SABC still relies on 80% of its revenue from commercial activities yet almost 80% of costs are fixed (content, transmitters and people). The high rights fees of mandated sports of national importance and the demands for wage increases above the rate of inflation are two of the biggest concerns. The recent changes in the valuation methods of the post retirement pension liability as required under IAS19 will also increase the total cost of permanent staff remuneration. This gives the SABC very little room to make own funds available for new DTT television channels.

The cash reserves of the SABC are adequate to meet the current needs. By the end of September 2013, the Nedbank loan would have been paid in full. With sound management and keeping within a number of pre-determined financial parameters the SABC will be in a position to continue to deliver on its public mandate.

The SABC has faced several challenges over the years. These historical challenges gradually eroded the very foundation of the internal control structure namely governance, leadership, financial and performance management.

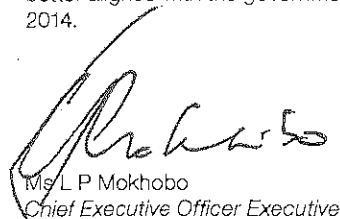
The Board and the executive management of the SABC were aware of some of these issues and put in place actions to resolve them, cognisant of the fact that the results of their resolution would not be apparent in a year. However, it is a disappointment to me and my team that the effort proved insufficient to earn an improved audit report, this year, from the Auditor General compared to 2012.

My leadership team and I have developed an action plan to deal with the disclaimer opinion issued by the Auditor General. The action plan to improve the audit outcomes in 2014 involves the

following key activities that should yield a better audit outcome in 2014:

- Implementation of a task team to focus on finding solutions to the root causes of the audit findings.
- Reviewing and revising the structure and reporting relationships of key operating divisions.
- Recruitment of additional, skilled resources in finance and other divisions to deal with vacancies.
- Implementation of focused in-house and external upskilling and training interventions
- The implementation of a revised internal controls framework.
- Implementation of a robust performance management regime to enforce accountability.
- A review of operating and financial systems with a view to effect upgrades, reduce manual interventions and foster integration amongst them.
- Fostering closer relationships with significant stakeholders such as the AGSA, National Treasury and SARS to keep abreast with latest developments and trends.

The SABC is committed to implement these activities and I am confident that the audit outcomes for 2014 will improve and be better aligned with the government drive of Operation Clean Audit 2014.



Ms L P Mokhobo
Chief Executive Officer Executive

REPORT OF THE AUDITOR-GENERAL

to Parliament on the South African Broadcasting Corporation (SOC) Limited

Report on the Consolidated Financial Statements

Introduction

1. I was engaged to audit the consolidated and separate financial statements of the South African Broadcasting Corporation (SOC) Limited and its subsidiaries set out on pages 84 to 128, which comprise the consolidated and separate statement of financial position as at 31 March 2013, the consolidated and separate statement of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

The board of directors' responsibility for the consolidated financial statements

2. The board of directors which constitutes the accounting authority is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on the consolidated and separate financial statements based on conducting the audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standards on Auditing. Because of the matters described in the basis for disclaimer of opinion paragraphs, however, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my disclaimer audit opinion.

Basis for Disclaimer of Opinion

Property, plant and equipment

6. The entity did not review the residual values and useful lives of property, plant and equipment at each reporting date in accordance with International Financial Reporting Standards, IAS 16, *Property, plant and equipment*. Property, plant and equipment assets with a gross carrying amount of R886 793 000 (2012: R778 960 000) are included in the financial statements at a zero or less than R1 net carrying amount while still in use. In addition, assets with a negative net carrying value of R3 080 805 were incorrectly included in the fixed asset register. I was unable to determine the correct net carrying amount of property, plant and equipment and depreciation amounting to R1 205 095 000 and R239 008 000, respectively, in note 6 to the financial statements as it was impracticable to do so. I was also not able to determine the consequential impact that adjustments required would have on the surplus for the period and the accumulated surplus.

7. The entity did not test property, plant and equipment for impairment at the reporting date in accordance with International Financial Reporting Standards, IAS 36, *Impairment of assets*. There is no system in place on which I could rely for the purpose of the audit, and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all relevant available data was used to perform the impairment testing as required by IAS 36. Because of the nature of these assets, I was unable to confirm or verify by alternative means the value of the property, plant and equipment. As a result, I was unable to determine if any adjustments to property, plant and equipment amounting to R1 205 095 000 as disclosed in note 6 to the financial statements were necessary. As a result of this I was also not able to determine the consequential impact that required adjustments would have on the surplus for the period and the accumulated surplus.

8. I was unable to obtain sufficient appropriate audit evidence that the cost of an item of fixed property has been correctly accounted for in the accounting records. The property was included in the fixed asset register without a value and I was unable to confirm the cost by alternative means. Consequently, I was unable to determine whether any adjustments to land and buildings stated at R465 860 000 in note 6 to the financial statements were necessary.

Intangible assets

9. The entity did not review the residual values and useful lives of intangible assets at each reporting date in accordance with International Financial Reporting Standards, IAS 38, *Intangible assets*. Intangible assets with a gross carrying amount of R32 057 000 (2012: R30 580 000) are included in the financial statements at a zero or R1 net carrying amount while still in use. I was unable to determine the correct net carrying amount of intangible assets and related amortisation amounting to R132 447 000 and R43 643 000, respectively, in note 7 to the financial statements, as it was impracticable to do so. I was also not able to determine the consequential impact that required adjustments would have on the surplus for the period and the accumulated surplus.
10. The entity did not test intangible assets for impairment at the reporting date in accordance with International Financial Reporting Standards, IAS 36, *Impairment of assets*. There was no system in place on which I could rely for the purpose of the audit, and there were no satisfactory audit procedures that I could perform to obtain reasonable assurance that all relevant available data was used to perform the impairment testing as required by IAS 36. Because of the nature of these intangible assets, I was unable to confirm or verify by alternative means the value of the intangible assets included in the financial statements at R132 447 000 as disclosed in note 7 to the financial statements, as it was impracticable to do so.

Licence fee revenue and related receivables

11. A substantial amount of the entity's revenue is generated from the TV licence fees which should be recognised once recognition criteria is met in terms of International Financial Reporting Standards, IAS 18, *Revenue*. The entity did not record revenue on an accrual basis as required by the accounting standard but rather recorded the revenue on a cash basis. Due to the lack of adequate systems in place to maintain records of TV licence fees on an accrual basis I was unable to obtain sufficient appropriate audit evidence for the amounts disclosed as TV licence fees of R913 838 000 in note 25 to the financial statements and I could not confirm the correct amount by alternative means. Consequently, I was unable to determine whether any adjustments to the TV licence fee revenue and related receivables balance and any impairments thereof, as disclosed in note 13 to the financial statements, were necessary. I was also not able to determine the consequential impact adjustments required would have on the surplus for the period and the accumulated surplus.

Programme, film and sports rights

12. The entity did not have adequate systems in place to maintain records of programme, film and sports rights. Furthermore, the additions per the general ledger exceed by R213 047 325 the additions for 2012-13 per note 7 of the annual financial statements.

Due to the nature of these assets, I was unable to confirm or verify by alternative means the values of these assets as disclosed in note 7 to the financial statements. Consequently, I was unable to determine whether any further adjustments to programme, film and sports rights stated at R689 636 000 (2012: R862 467 000), amortisation of programme, film and sports rights at R1 516 341 000 (2012: R1 370 395 000) and net impairment of programme, film and sports rights at R12 230 000 (2012: R3 281 000) in the financial statements were necessary.

Trade and other receivables

13. The entity should assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant in accordance with International Financial Reporting Standards, IAS 39, *Financial Instruments – Recognition and Measurement*. The entity did not have an adequate system in place to follow up and impair outstanding trade receivables. In addition, sufficient appropriate audit evidence was not available for the amounts disclosed as impairment of trade receivables in note 13 to the financial statements and I could not confirm the disclosure by alternative means. Consequently, I was unable to determine whether any further adjustments to accounts receivable and impairment of trade and other receivables stated at R838 746 000 and R789 000, respectively, in the financial statements were necessary. I was also not able to determine the consequential impact that required adjustments would have on the surplus for the period and the accumulated surplus.

Irregular expenditure

14. Section 55(2)(b)(i) of the Public Finance Management Act (PFMA) requires the entity to include particulars of irregular expenditure in the notes to the annual financial statements. The entity did not have adequate systems in place to maintain records of irregular expenditure and, consequently, I was unable to determine whether any adjustments to the amount of R106 322 000 as disclosed in note 42 in the financial statements were necessary. Due to this lack of systems I was also not able to confirm the amount of irregular expenditure to be disclosed by alternative means.

Taxation

15. As disclosed in the statement of financial position, the entity created a provision amounting to R69 034 000 (2012: R62 988 000) in the statement of financial position. This provision was created in terms of section 35 of the Tax Act that provides for a withholding tax to be paid for royalties payable to a person other than a resident or controlled foreign company. The entity is required to withhold and pay the amount calculated to SARS within 14 days after the end of the month during which the payment or liability for the royalty arose. The entity has not, since its registration as a taxpayer in 2003, withheld any tax from royalties paid to non-residents and as a result created the provision disclosed in the statement of financial position. Due to an inadequate system of control over royalties paid to non-residents and foreign-controlled companies I was unable to obtain sufficient appropriate audit evidence that management has properly accounted for all withholding taxes on qualifying royalty payments. I was unable to confirm the withholding taxes by alternative means. Consequently, I was unable to determine whether any adjustment to tax payable provision was necessary.
16. The entity's claim for the deduction of the provision for bad debts was not in terms of section 11(j) of the Income tax Act which allows for a deduction of provision for bad debts, provided these were previously included in taxable income. The South African Revenue

Service generally allows a general provision based on 25% of debts provided for as a deduction, however, the deduction was claimed on 100% of the provision. Consequently, income tax in the statement of financial performance is understated by R155 367 719, deferred taxation asset is overstated by R107 699 135 and tax payable is understated by R47 668 583 in the statement of financial position.

Expenditure

17. I was unable to obtain sufficient appropriate audit evidence for journals processed to broadcasting cost, signal distribution and linking cost, marketing cost, professional and consultancy fees and other expenditure in the statement of financial performance which, in total amounted to R1 588 929 000, as supporting documentation could not be provided. I was unable to confirm these expenditure balances and any other balances to which the corresponding entries would have been proceeded to. Consequently, I was unable to determine whether adjustments to these expenditure balances and related account balances in the financial statements were necessary.

Post retirement valuation

18. The entity omitted certain employees from the calculation of the post-retirement medical benefit obligation. Consequently, post-employment medical benefits stated at R74 562 000 in note 21 to the financial statements and the actuarial loss stated at R158 305 000 in the statements of comprehensive income are understated by R67 455 267. Additionally, there was a consequential impact on the surplus for the current year.

Disclaimer of opinion

19. Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

Emphasis of matters

20. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Significant uncertainties

21. With reference to note 39 to the financial statements, the South African Broadcasting Corporation is a defendant in a number of lawsuits. The ultimate outcome of these matters cannot currently be determined, and no provision for any liability that may result has been made in the financial statements.

Restatement of corresponding figures

22. As disclosed in note 5 to the financial statements, the corresponding figures for the year ended 31 March 2012 have been restated as a result of an errors discovered during the period 31 March 2013 in the financial statements of the SABC for the year ended 31 March 2012.

Irregular expenditure

23. As disclosed in note 42 to the financial statements, irregular expenditure to the amount of R106 322 000 was incurred, as proper tender processes had not been followed.

Additional matter

24. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Prior year audited by a predecessor auditor

25. The financial statements of the prior year were audited by a predecessor auditor in terms of section 4(3) of the Public Audit Act on 30 July 2012. The qualified opinion was expressed due to the following:

- Inability to determine whether the carrying amount of the programme, film and sports rights and related accruals and commitments, amortisation and impairments, as well as the cost price of fully amortised rights, is materially misstated, or to quantify the effect on the financial statements.

Report of the Auditor-General to Parliament on the South African Broadcasting Corporation (SOC) Limited (continued)

- Inability to assess the completeness of the disclosure of fruitless and wasteful expenditure, and irregular expenditure.

Report on Other Legal and Regulatory Requirements

26. In accordance with the PAA and the general notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

27. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 27 to 28 of the annual report.

28. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury's annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the FMPPPI.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

29. The material findings are as follows:

Usefulness of information

Presentation

Reasons for variances not supported by sufficient appropriate evidence

30. The National Treasury *Guide for the preparation of the annual report* requires that explanations for variances between the planned and reported (actual) targets should be provided in all instances and should also be supported by adequate and reliable corroborating evidence.

Adequate and reliable corroborating evidence could not be provided for 53% of variances for the selected targets as disclosed in the annual performance report. The institution's records did not permit the application of alternative audit procedures.

Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the reliability of the reasons for major variances.

Measurability

Performance indicators not well defined

31. The FMPPPI requires that indicators should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 21% of the selected indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the fact that management was not aware of the requirements of the FMPPPI.

Indicators not verifiable

32. The FMPPPI requires that it must be possible to validate the processes and systems that produce the indicator. A total of 21% of the selected indicators were not verifiable in that valid processes and systems that produce the information on actual performance did not exist. This was due to the fact that management was not aware of the requirements of the FMPPPI.

Reliability of Information

Reported performance not reliable

33. The FMPPPI requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.

I was unable to obtain the information presented with respect to:

- Strategic objective 5 – Maintain average TV audience share market share
- Strategic objective 6 – Maintain average radio audience market share
- Strategic objective 7 – Maintain average TV and radio audience market share through local and foreign content investment
- Strategic objective 8 – DTT readiness and digitisation of internal broadcasting value chain

This was due to limitations placed on the scope of my work due to the fact that the institution could not provide sufficient appropriate evidence in support of the information presented with respect to the strategic objective stated above.

Additional matter

34. I draw attention to the following matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

Material adjustments to the annual performance report

35. Material audit adjustments in the annual performance report were identified during the audit, of which all were corrected by management.

Compliance with laws and regulations

36. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the general notice issued in terms of the PAA are as follows:

Strategic planning and performance

37. The accounting authority did not ensure that the public entity had and maintained effective, efficient and transparent systems of financial and risk management and internal control as required by Section 51(a)(i) of the PFMA.

38. The accounting authority did not establish procedures for quarterly reporting to the executive authority in order to facilitate effective performance monitoring, evaluation and corrective action as required by Treasury Regulations (TR) 29.3.1

39. The accounting authority did not submit to the accounting officer of a department designated by the executive authority responsible for that public entity or business enterprise, and to the relevant treasury, at least one month, or another period agreed with the National Treasury, before the start of the financial year, a corporate plan in the prescribed format as required by section 52(b) of the PFMA, read with Treasury Regulation 29.2 for South African Broadcasting Corporation SOC Limited and its trading subsidiaries.

40. The accounting authority did not, in consultation with its executive authority, conclude a shareholder's compact for the year under review as required by Treasury Regulation 29.2.2 for South African Broadcasting Corporation SOC Limited and its trading subsidiaries.

Annual financial statements, performance and annual report

41. The financial statements submitted for auditing were not prepared in accordance with International Financial Reporting Standards and supported by full and proper records as required by section 55(1)(a) and (b) of the PFMA and section 29(1)(a) of the Companies Act.

42. Material misstatements of non-current assets, liabilities, current assets, revenue, expenditure, taxation, trade receivables and disclosure notes to the financial statements identified by the auditors in the submitted financial statements were subsequently corrected and/or the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a disclaimer audit opinion.

Report of the Auditor-General to Parliament on the South African Broadcasting Corporation (SABC) Limited (continued)

43. The SABC did not consist of separate operation entities namely a public service and a commercial service division and did not have adequate accounting and administrative systems in place to ensure that the cooperation functions in separate operation entities as required section 9 of the Broadcasting Act of 1999.

Audit Committee

44. The audit committee did not adequately review the effectiveness of the internal audit function, annual work programmes of the internal audit function and reports arising from the execution of the annual work programme, coordination between the internal audit function and external auditors, reports of significant investigations issued by the internal audit function, responses from management to specific recommendations, risk areas of the entity's operations covered in the scope of internal and external audits and, accounting and auditing concerns identified as a result of internal and external audits as required by TR 27.1.8.

45. The audit committee did not adequately review the entity's compliance with legal and regulatory provisions, as required by TR 27.1.8(f).

Procurement and contract management

46. Goods, works and service were not procured through a procurement process which is fair, equitable, transparent and competitive as required by the PFMA section 51(1)(a)(iii).

47. Contracts and quotations were awarded to suppliers whose tax matters had not been declared by the South African Revenue Service to be in order as required by the Preferential Procurement Regulations.

Expenditure management

48. The accounting authority did not take effective steps to prevent irregular and fruitless and wasteful expenditure, as required by section 51(1)(b)(ii) of the PFMA.

Revenue management

49. The accounting authority did not take effective and appropriate steps to collect all money due, as required by section 51(1)(b)(i) of the PFMA and Treasury Regulations 31.1.2(a) and 31.1.2(e).

Asset management

50. Proper control systems to safeguard and maintain assets were not implemented, as required by sections 50(1)(a) and 51(1)(c) of the PFMA.

51. The accounting records for non-current assets were not complete and accurate, as required by section 28(1) of the Companies Act and prescribed in the Companies Regulation 25(3)(a)(i).

Internal Control

52. I considered internal control relevant to my audit of the financial statements, report on predetermined objectives and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for disclaimer of opinion, the findings on the report on the predetermined objectives and the findings on compliance with laws and regulations included in this report.

Leadership

53. The entity experienced instability in leadership in recent years which culminated in the dissolution of the board of directors and the suspensions and dismissals in key leadership positions.

54. An effective organisation structure that places people with appropriate skills in appropriate positions has not been established.

55. Implementation of effective HR management was not established to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored.

56. Development and monitoring of the implementation of action plans to address internal control deficiencies was not effective.

57. The accounting authority did not exercise adequate oversight responsibility regarding performance reporting, compliance and related internal controls.

58. The leadership did not establish and communicate policies and procedures to enable and support understanding and execution of internal control objectives, processes and responsibilities.

59. The leadership did not establish mechanisms to communicate and hold individuals accountable for performance of internal control responsibilities.

60. Actions are not taken in a timely manner to address the risks relating to the achievement of complete, relevant and accurate financial reporting, of complete, relevant and accurate financial reporting.

Financial and performance management

61. Reviewing and monitoring of compliance with applicable laws and regulations were not effective.

62. Design and implementation of formal controls over IT systems to ensure the reliability of the systems and the availability, accuracy and protection of information were not adequate.

63. The leadership did not implement proper record-keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support financial and performance reporting.

64. The leadership did not prepare regular, accurate and complete financial and performance reports that were supported and evidenced by reliable information.

Governance

65. Implementation of appropriate risk management activities to ensure that regular risk assessments, including consideration of IT risks and fraud prevention, were conducted and that a risk strategy to address the risks was developed and monitored was not effective.

66. The process to ensure that the audit committee promotes accountability and service delivery through evaluating and monitoring responses to risks and providing oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations was not effective.

Other Reports

Investigations

Completed during the year

67. Several investigations were conducted by the forensic unit. The investigations resulted in recommendations for disciplinary and/or criminal proceedings to be instituted against the guilty parties concerned.

Investigations in progress

68. The chief financial officer was suspended during the year due to procurement irregularities and disciplinary action was still pending.

69. Several investigations were being conducted by the forensic unit. The investigations were ongoing and may or may not result in disciplinary and/or criminal proceedings against the parties concerned.

Auditor-General

Pretoria
31 July 2013

STATEMENT of financial position as at 31 March 2013

Note	GROUP			COMPANY			
	2013 R'000	2012 R'000	2011 R'000	2013 R'000	2012 R'000	2011 R'000	
		Restated*			Restated*		
ASSETS							
Property, plant and equipment	6	1 205 095	1 323 272	1 446 243	1 205 095	1 323 272	1 446 243
Intangible assets - computer software	7	132 447	172 709	211 151	132 447	172 709	211 151
Defined benefit asset	8	69 202	155 277	226 633	69 202	155 277	226 633
Investment in subsidiaries	9	-	-	-	71	71	71
Available-for-sale financial assets	10	6 761	4 755	4 847	6 761	4 755	4 847
Prepayments	11	143 941	83 049	101 771	143 941	83 049	101 771
Other non-current assets		-	513	527	-	-	11
Total non-current assets		1 557 446	1 739 575	1 991 172	1 557 517	1 739 133	1 990 727
Intangible asset - programme, film and sports rights	7	689 636	862 467	929 748	689 636	862 467	929 748
Inventories	12	2 536	4 339	2 735	2 536	4 339	2 735
Trade and other receivables	13	859 162	883 391	841 089	859 768	883 192	832 853
Taxation		14 093	-	-	14 093	-	-
Prepayments	11	63 902	151 495	119 961	63 857	151 459	119 925
Cash and cash equivalents	14	1 072 476	1 229 728	860 810	1 056 429	1 220 292	841 359
Total current assets		2 701 805	3 131 420	2 754 343	2 688 319	3 121 749	2 726 620
Total assets		4 259 251	4 870 995	4 745 515	4 245 836	4 860 882	4 717 347
EQUITY							
Share capital	15	1	1	1	1	1	1
Fair value adjustment reserve	16	5 769	3 141	2 454	5 769	3 141	2 454
Retained earnings		1 347 917	1 115 780	848 199	1 333 924	1 106 652	835 056
Total equity		1 353 687	1 118 922	850 654	1 339 694	1 109 794	837 511
LIABILITIES							
Perpetual debt instrument	17	27 390	27 390	27 390	27 390	27 390	27 390
Loans and borrowings	18	343 058	788 390	1 179 145	359 660	800 927	1 191 682
Deferred government grant	19	292 142	364 278	435 593	292 142	364 278	435 593
Deferred tax	20	-	-	-	-	-	-
Employee benefits obligation	21	854 650	650 417	564 291	854 650	650 417	564 291
Other non-current liabilities		223	1 137	1 136	223	1 137	1 136
Total non-current liabilities		1 517 463	1 831 612	2 207 555	1 534 065	1 844 149	2 220 092
Trade and other payables	22	700 849	932 770	990 297	684 957	919 559	963 048
Employee benefits	21	152 713	147 285	160 867	152 713	147 154	160 757
Deferred income	23	103 243	122 828	130 346	103 243	122 828	130 346
Current portion of loans and borrowings	18	56 978	387 894	166 524	56 978	387 894	166 524
Tax payable		69 034	62 988	57 198	68 902	62 808	57 015
Current portion of deferred government grant	19	76 410	71 432	71 574	76 410	71 432	71 574
Provisions	24	228 874	195 264	110 480	228 874	195 264	110 480
Total current liabilities		1 388 101	1 920 461	1 687 306	1 372 077	1 906 939	1 659 744
Total liabilities		2 905 564	3 752 073	3 894 861	2 906 142	3 751 088	3 879 836
Total equity and liabilities		4 259 251	4 870 995	4 745 515	4 245 836	4 860 882	4 717 347

STATEMENT of financial performance for the year ended 31 March 2013

	Note	GROUP			COMPANY		
		2013	2012	2011	2013	2012	2011
		R'000	R'000	R'000	R'000	R'000	R'000
			Restated*			Restated*	
Revenue	25	6 665 812	6 426 745	5 926 140	6 665 812	6 426 745	5 926 140
Other income	26	97 987	67 291	63 118	101 120	64 905	62 140
Amortisation of programme, film and sports rights	7	(1 516 341)	(1 370 395)	(1 597 178)	(1 516 341)	(1 370 395)	(1 597 178)
Net impairment (raised)/reversed of programme, film and sports rights	7	(12 230)	3 281	(79 987)	(12 230)	3 281	(79 987)
Amortisation of computer software	7	(43 643)	(46 958)	(53 441)	(43 643)	(46 958)	(53 441)
Impairment of trade and other receivables		(789)	(1 708)	(88 037)	(789)	(1 708)	(88 114)
Broadcast costs		(408 390)	(501 976)	(373 417)	(408 390)	(501 976)	(373 417)
Signal distribution and linking costs		(514 792)	(458 122)	(495 070)	(514 792)	(458 122)	(495 070)
Employee compensation and benefit expenses	27						
- permanent employee costs		(1 819 452)	(1 619 324)	(1 518 554)	(1 819 625)	(1 619 324)	(1 518 554)
- non-permanent employee costs		(257 505)	(220 847)	(186 784)	(257 505)	(220 847)	(186 784)
Depreciation of property, plant and equipment	6	(239 008)	(218 678)	(219 472)	(239 008)	(218 678)	(219 462)
Marketing costs		(123 307)	(123 788)	(108 709)	(123 307)	(123 788)	(108 698)
Direct revenue collection costs		(913 200)	(905 049)	(787 249)	(913 200)	(905 049)	(787 249)
Professional and consulting fees	28	(63 161)	(139 669)	(167 121)	(63 763)	(133 351)	(163 000)
Other expenses	29						
- personnel costs other than employee compensation		(79 245)	(49 832)	(47 999)	(79 237)	(49 822)	(47 984)
- operational		(403 299)	(404 243)	(299 833)	(405 632)	(404 167)	(299 846)
Other (losses)/profits	30	(482)	(307)	(1 280)	(482)	(307)	(1 280)
Operating profit/(loss) before finance costs and tax		368 955	436 421	(34 873)	368 988	440 439	(31 784)
Net financing costs	31	(16 300)	(63 518)	(84 537)	(21 328)	(63 521)	(85 141)
Finance income	31	100 727	50 638	42 771	99 453	50 635	42 934
Finance expenses	31	(117 027)	(114 156)	(127 308)	(120 781)	(114 156)	(128 075)
Profit/(loss) before income tax		352 655	372 903	(119 410)	347 660	376 918	(116 925)
Income tax	32	(23 142)	(29 410)	(9 861)	(23 012)	(29 410)	(9 485)
Profit/(loss) for the year		329 513	343 493	(129 271)	324 648	347 508	(126 410)

STATEMENT of comprehensive income for the year ended 31 March 2013

Note	GROUP			COMPANY		
	2013 R'000	2012 R'000	2011 R'000	2013 R'000	2012 R'000	2011 R'000
		Restated*			Restated*	
Profit/(loss) for the year	329 513	343 493	(129 271)	324 648	347 508	(126 410)
Other Comprehensive loss for the year before tax	(131 854)	(104 635)	(118 380)	(131 854)	(104 635)	(118 380)
<i>Pension fund</i>						
Actuarial (loss)/gain	8 (640 402)	(173 257)	267 605	(640 402)	(173 257)	267 605
Change in paragraph 58 limit of IAS 19 - employee benefits	8 664 847	112 944	(306 295)	664 847	112 944	(306 295)
<i>Post-employment medical benefits</i>						
Actuarial loss	21 (158 305)	(45 121)	(80 081)	(158 305)	(45 121)	(80 081)
Gain in changes in fair value of available-for-sale financial assets	10 2 006	799	391	2 006	799	391
Income tax relating to gain on available-for-sale financial assets	32 (374)	(112)	(55)	(374)	(112)	(55)
Income tax relating to gain/(loss) on pension fund actuarial valuation	32 (6 845)	16 888	10 833	(6 845)	16 888	10 833
Income tax relating to loss on post-employment medical benefits	32 44 325	12 634	22 423	44 325	12 634	22 423
Other comprehensive loss for the year, net of tax	(94 748)	(75 225)	(85 179)	(94 748)	(75 225)	(85 179)
Total comprehensive income/(loss) for the year	234 765	268 268	(214 450)	229 900	272 283	(211 589)

STATEMENT of changes in equity for the year ended 31 March 2013

	GROUP			
	Share capital R'000	Fair value adjustment reserve R'000	Retained earnings R'000	Total R'000
Balance at 31 March 2010	1	2 118	1 062 985	1 065 104
Total comprehensive income/(loss) for the year	-	336	(214 786)	(214 450)
Balance at 31 March 2011	1	2 454	848 199	850 654
Total comprehensive income for the year	-	687	267 581	268 268
Balance at 31 March 2012	1	3 141	1 115 780	1 118 922
Total comprehensive income for the year	-	2 628	232 137	234 765
Balance at 31 March 2013	1	5 769	1 347 917	1 353 687

	COMPANY			
	Share capital R'000	Fair value adjustment reserve R'000	Retained earnings R'000	Total R'000
Balance at 31 March 2010	1	2 118	1 046 981	1 049 100
Total comprehensive income/(loss) for the year	-	336	(211 925)	(211 589)
Balance at 31 March 2011	1	2 454	835 056	837 511
Total comprehensive income for the year	-	687	271 596	272 283
Balance at 31 March 2012	1	3 141	1 106 652	1 109 794
Total comprehensive income for the year	-	2 628	227 272	229 900
Balance at 31 March 2013	1	5 769	1 333 924	1 339 694

STATEMENT of cash flows for the year ended 31 March 2013

	GROUP			COMPANY		
	2013	2012	2011	2013	2012	2011
Note	R'000	R'000	R'000	R'000	R'000	R'000
	Restated*			Restated*		
Cash flows from operating activities						
Cash receipts from customers	6 916 112	6 376 925	5 205 532	6 915 307	6 368 888	5 222 768
Cash paid to suppliers and employees	(6 181 206)	(5 674 711)	(4 682 350)	(6 184 214)	(5 656 656)	(4 699 973)
Cash generated from operations	734 906	702 214	523 182	731 093	712 232	522 795
Interest received	31 72 497	42 526	28 493	71 529	42 523	28 177
Dividends received	31 -	-	149	-	-	149
Interest paid	31 (73 929)	(101 907)	(117 942)	(73 929)	(101 907)	(118 375)
Income taxes refunded	34 (1 849)	-	56 678	(1 679)	-	57 014
Net cash inflows from operating activities	731 625	642 833	490 560	727 014	652 848	489 760
Cash flows from investing activities						
Acquisition of property, plant and equipment	6 (121 623)	(102 137)	(112 801)	(121 623)	(102 137)	(112 801)
Acquisition of computer software	7 (3 111)	(2 393)	(2 363)	(3 111)	(2 393)	(2 363)
Net cash outflows from investing activities	(124 734)	(104 530)	(115 164)	(124 734)	(104 530)	(115 164)
Cash flows from financing activities						
Repayment of loan from subsidiary	18 -	-	-	-	-	(69)
Repayment of loans and borrowings	18 (722 222)	(111 111)	-	(722 222)	(111 111)	-
Instalment sale and finance lease paid during the year	18 (54 026)	(58 274)	(24 081)	(54 026)	(58 274)	(24 081)
Finance raised with instalment sales	18 -	-	20 515	-	-	20 515
Proceeds from government grant	19 12 105	-	131 579	12 105	-	131 579
Net cash (outflows)/inflows from financing activities	(764 143)	(169 385)	128 013	(764 143)	(169 385)	127 944
Net increase/(decrease) in cash and cash equivalents	(157 252)	368 918	503 409	(161 863)	378 933	502 540
Cash and cash equivalents at beginning of the year	1 229 728	860 810	357 652	1 220 292	841 359	338 819
Effects of the exchange rate changes on the cash balance held in foreign currencies	-	-	(251)	-	-	-
Cash and cash equivalents at end of the year	1 072 476	1 229 728	860 810	1 058 429	1 220 292	841 359

NOTES to the annual financial statements for the year ended 31 March 2013

1 SIGNIFICANT ACCOUNTING POLICIES

The South African Broadcasting Corporation (SABC) Limited is a company domiciled in South Africa. The consolidated financial statements of the Company as at and for the year ended 31 March 2013 comprise the Company and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). The Group is South Africa's national public service broadcaster.

(A) Statement of compliance

The consolidated and separate annual financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and in the manner required by the Companies Act of South Africa, 2008, the Public Finance Management Act, No. 1 of 1999, as amended, and the Broadcasting Act, No. 4 of 1999, as amended.

(B) Basis of preparation

The consolidated and separate annual financial statements are presented in South African Rands, rounded to the nearest thousand, and have been prepared on the historical cost basis, except for certain financial instruments and defined benefit asset and liability which are measured at fair value.

The preparation of consolidated and separate annual financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment are discussed in note 2.

The accounting policies set out below have been applied consistently for all periods presented in the consolidated annual financial statements.

(C) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account. The financial results of subsidiaries are included in the annual financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the annual financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(D) Foreign currency

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('functional currency'). The annual financial statements are presented in South African Rands, which is the Company's and Group's functional presentation currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the date the fair value was determined.

(E) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of self-constructed assets includes the cost of materials, direct labour, and any other costs directly attributable to bringing the asset to a working condition in the manner intended by management.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Leased assets

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. An asset acquired by way of a finance lease is recognised at an amount equal to the lower of its fair value and the present value of minimum lease payments at inception of the lease on initial recognition. The asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are accounted for as described in accounting policies.

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

1 Significant accounting policies (continued)

(E) Property, plant and equipment (continued)

(iii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs are charged to profit or loss during the financial period in which they are incurred.

(iv) Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term or their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives for the current and comparative periods are as follows:

• Buildings	7 - 65 years
• Broadcast equipment	5 - 15 years
• Computer equipment	3 - 11 years
• Musical equipment	up to 40 years
• Office equipment	5 years
• Security equipment	5 years
• Motor vehicles	5 - 15 years

The useful lives, depreciation methods and current residual values, if not insignificant, are reassessed annually and adjusted if appropriate.

(v) Derecognition

The gain or loss on the disposal or scrapping of property, plant and equipment is recognised in profit or loss, (refer to note 35). Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment.

(F) Intangible assets

(i) Originated programme, film and sports rights

Originated programme, film and sports rights, including work commissioned from independent producers, are stated at cost less accumulated amortisation and accumulated impairment losses. Cost comprises direct costs, including cost of materials, artist fees and production overheads. Subsequent expenditure is capitalised only if costs can be measured reliably, the programme, film and sport right is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete and/or use or sell the asset.

(ii) Acquired programme, film and sports rights

Acquired programme, film and sports rights are stated at cost less accumulated amortisation and accumulated impairment losses (refer to note 7). Cost comprises actual acquisition cost plus language dubbing, where applicable.

Acquired programme, film and sports rights are generally recognised when the licence period begins, the cost of the right is known or reasonably determinable, the material has been accepted by the Group in accordance with conditions of the licence agreement, and the material is available for its first transmission. If at the date of signing, a substantial degree of uncertainty exists about the availability of the material, particularly if a licence agreement is signed for programme material that does not yet exist, the asset is only recorded once the uncertainties are eliminated and the programme is received and available for broadcast.

Payments made before the recognition criteria for an asset are met, are recorded as Prepayments and classified as current or non-current, depending on the estimated time of usage of the material. Conversely, where arrangements have been executed for the future purchase of programme, film and sports rights, but the recognition criteria above have not been met, the arrangements are disclosed as *Commitments*.

Programme, film and sports rights are classified as current assets as they are expected to be realised in the Group's normal operating cycle.

(iii) De-recognition of programme, film and sports rights

Cost and accumulated amortisation of originated programme, film and sports rights are derecognised after the estimated number of showings. Cost and accumulated amortisation of acquired programme, film and sports rights are derecognised at the earlier of the expiry of licence period or allowed number of showings.

(iv) Other intangible assets

Other intangible assets, including computer software not considered an integral part of property, plant and equipment, are stated at cost less accumulated amortisation and impairment losses (refer to note 7). Expenditure on internally generated brands is recognised in profit or loss as an expense as incurred.

(v) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(vi) Amortisation

Amortisation of programme, film and sports rights is charged to profit or loss on a straight-line basis based on the estimated number of future showings if each showing is expected to generate similar audiences. An accelerated method of amortisation is used when the first showing is expected to be more valuable than re-runs.

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

1 Significant accounting policies (continued)

(F) Intangible assets (continued)

(vi) Amortisation (continued)

Amortisation of other intangible assets is charged to profit or loss on a straight-line based on the estimated useful lives of such assets from the date that they are available for use. The estimated useful life of computer software for the current and comparative period is between 2 and 10 years.

Amortisation methods, useful lives and residual values, if not insignificant, are reassessed annually, and adjusted if appropriate.

(G) Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the separate financial statements of the Company.

Recognition and measurement

Purchases and sales of investments are recognised on trade-date, the date at which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred, and substantially all the risks and rewards of ownership have been transferred.

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method less accumulated impairment losses. Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in other comprehensive income. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in profit or loss as gains and losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

(H) Impairment of assets

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, of the disappearance of an active market for a security. In addition, for an investment in equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rates. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provision attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when the group has a legal right to offset the amount and intends to either settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

7 INTANGIBLE ASSETS (continued)

(ii) Programme, film and sports rights

	GROUP AND COMPANY			
	Acquired programme film and sports rights R'000	Originated programme film and sports rights R'000	Work-in-progress R'000	Total R'000
At 31 March 2013				
Cost	3 023 454	6 001 871	226 975	9 252 300
Accumulated amortisation and impairment losses	(2 773 265)	(5 759 510)	-	(8 532 775)
Provision for programme, film and sports rights impairment losses*	(19 180)	(10 709)	-	(29 889)
Carrying amount	231 009	231 652	226 975	689 636
At 31 March 2012				
Cost	2 346 012	5 180 205	370 343	7 896 560
Accumulated amortisation and impairment losses	(2 094 769)	(4 906 704)	-	(7 001 467)
Provision for programme, film and sports rights impairment losses*	(21 917)	(10 709)	-	(32 626)
Carrying amount	229 332	262 792	370 343	862 467
At 31 March 2011				
Cost	2 169 686	4 460 632	332 954	6 963 272
Accumulated amortisation and impairment losses	(1 836 170)	(4 139 327)	-	(5 975 497)
Provision for programme, film and sports rights impairment losses*	(47 318)	(10 709)	-	(58 027)
Carrying amount	286 198	310 596	332 954	929 748
For the year ended 31 March 2013				
Carrying amount at 1 April 2012	229 332	262 792	370 343	862 467
Movement on media asset register corrections	26 095	(3 720)	(19 271)	3 104
Local production accrual reversal	-	-	(183 288)	(183 288)
Additions	651 347	-	864 577	1 535 924
Transfers	-	825 386	(825 386)	-
Amortisation charge for the year	(663 535)	(852 806)	-	(1 516 341)
Impairment charge for the year	(14 967)	-	-	(14 967)
Reversal provision for write-off**	2 737	-	-	2 737
Carrying amount at 31 March 2013	231 009	231 652	226 975	689 636
For the year ended 31 March 2012				
Carrying amount at 1 April 2011	286 198	310 596	332 954	929 748
Additions	542 871	-	756 962	1 299 833
Transfers	-	719 573	(719 573)	-
Amortisation charge for the year	(603 018)	(767 377)	-	(1 370 395)
Impairment charge for the year	(22 120)	-	-	(22 120)
Reversal provision for write-off**	25 401	-	-	25 401
Derecognition	-	-	-	-
Cost	(366 545)	-	-	(366 545)
Accumulated amortisation	366 545	-	-	366 545
Carrying amount at 31 March 2012	229 332	262 792	370 343	862 467
For the year ended 31 March 2011				
Carrying amount at 1 April 2010	441 449	35 658	422 427	899 534
Additions	643 098	-	1 064 281	1 707 379
Transfers	-	1 153 754	(1 153 754)	-
Amortisation charge for the year	(727 656)	(869 522)	-	(1 597 178)
Impairment charge for the year	(74 905)	-	-	(74 905)
Reversal/(raising) provision for write-off*	4 212	(9 294)	-	(5 082)
Derecognition	-	-	-	-
Cost	(260 083)	-	-	(260 083)
Accumulated amortisation	260 083	-	-	260 083
Carrying amount at 31 March 2011	286 198	310 596	332 954	929 748

*Excess capacity film rights for which the licence period has not yet expired.

**Reversal of provision for write off relates to film rights licences which expired previously and renegotiated for extensions to be utilised in the future.

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

21 EMPLOYEE BENEFITS OBLIGATION (continued)

	GROUP AND COMPANY					
	2013	2012	2011	2010	2009	2008
	R'000	R'000	R'000	R'000	R'000	R'000
Post-employment medical benefits (continued)						
Post employment medical benefits obligation	(842 440)	(638 893)	(552 969)	(478 942)	(394 432)	(368 908)

Employee incentive and long-term leave pay

Certain of the Group's employee incentive programmes and employee leave arrangements provide for benefits not payable wholly within twelve months after the reporting date. These arrangements are therefore classified as 'other long-term employee benefits' and the liabilities in respect thereof are measured on the same basis as the Group's obligations in respect of its post-employment benefit plans, with certain simplified assumptions. The liability in respect of employee incentives also requires certain assumptions regarding the Group's future performance.

The principal actuarial assumptions in respect of long-term leave pay at the reporting date (expressed as weighted averages) are as follows:

	GROUP AND COMPANY		
	2013	2012	2011
	%	%	%
Discount rate at 31 March	8,7%	7,4%	8,6%
Rate of salary increase	9,5%	8,2%	8,2%
Employee turnover rate	16,9%	8,3%	8,6%

22 TRADE AND OTHER PAYABLES

	GROUP			COMPANY		
	2013	2012	2011	2013	2012	2011
	R'000	R'000	R'000	R'000	R'000	R'000
Trade payables						
- local	24 968	18 428	21 328	21 758	16 739	21 097
- foreign	6 659	1 138	1 224	6 659	1 138	1 224
Other payables*	129 551	99 975	113 303	117 247	89 990	87 821
Accruals	300 049	214 430	217 032	299 671	212 893	215 496
Programme, film and sports rights related trade and other payables	239 622	598 799	637 410	239 622	598 799	637 410
	700 849	932 770	990 297	684 867	919 559	963 048

*included in other payables is VAT amounts owing to SARS and payroll related payables.

23 DEFERRED INCOME

	GROUP AND COMPANY		
	2013	2012	2011
	R'000	R'000	R'000
TV Licence fees received in advance	39 087	25 406	45 139
Income and sponsorships received in advance	64 156	97 422	85 207
	103 243	122 828	130 346

24 PROVISIONS

Legal claims*

Balance at 1 April	195 264	110 480	88 070
Provisions paid during the year	-	(72 060)	-
Provisions raised during the year	33 610	156 844	62 410
Provisions released during the year	-	-	(40 000)
Balance at 31 March	228 874	195 264	110 480

*Legal claims against the SABC were instituted by various individuals/institutions and a provision has been raised in that regard. Certain of these matters are before the courts and others the Group is attempting to settle out of court. Management estimates the potential outcome of these legal claims based on the most objective evidence on hand from internal and external legal advisors until such time that ultimate legal resolution has been finalised. Refer to note 2(A) for basis of estimates and assumptions in determining any provision raised.

25 REVENUE

	GROUP			COMPANY		
	2013	2012	2011	2013	2012	2011
	R'000	R'000	R'000	R'000	R'000	R'000
Total advertising revenue	4 994 575	4 877 870	4 229 064	4 994 575	4 877 870	4 229 064
Advertising	4 855 881	4 809 166	4 164 087	4 855 881	4 809 166	4 164 087
Trade exchanges (non-monetary exchanges)	138 694	68 704	64 977	138 694	68 704	64 977
Business enterprise and facilities revenue	35 041	32 883	40 224	35 041	32 883	40 224
Sponsorships	410 470	402 057	520 381	410 470	402 057	520 381
Licence fees	913 838	892 649	872 050	913 838	892 649	872 050
Government grants						
- for Educational programmes	88 161	58 134	69 886	88 161	58 134	69 886
- for Technology assets	79 263	71 457	75 371	79 263	71 457	75 371
- for Sport	57 017	-	-	57 017	-	-
Other revenue*	87 447	91 695	119 164	87 447	91 695	119 164
	6 665 812	6 426 745	5 926 140	6 665 812	6 426 745	5 926 140

*Included in other revenue is facilities revenue, programme rights exploitation revenue and mobile revenue.

Notes to the annual financial statements for the year ended 31 March 2013 (continued)

	GROUP			COMPANY		
	2013 R'000	2012 R'000	2011 R'000	2013 R'000	2012 R'000	2011 R'000
26 OTHER INCOME						
Rental income	31 804	7 006	6 820	31 804	7 006	6 820
Management fees	38 195	39 318	39 727	43 949	39 318	39 727
Travel commission	3 672	3 133	1 507	1 051	747	529
Other sundry income	24 316	17 834	15 064	24 316	17 834	15 064
	<u>97 987</u>	<u>67 291</u>	<u>63 118</u>	<u>101 120</u>	<u>64 905</u>	<u>62 140</u>
27 EMPLOYEE COMPENSATION AND BENEFIT EXPENSE						
Non-permanent employment cost	257 505	220 847	186 784	257 505	220 847	186 784
Non-executive directors	4 397	4 766	2 940	4 397	4 766	2 940
Freelance	224 653	183 288	159 850	224 653	183 288	159 850
Temporary staff	28 455	32 793	23 994	28 455	32 793	23 994
Permanent employment cost	1 488 465	1 382 226	1 311 178	1 488 638	1 382 226	1 311 178
Defined benefit pension fund recognised in profit or loss	184 264	78 001	83 162	184 264	78 001	83 162
Post-employment medical benefits	74 562	67 957	55 103	74 562	67 957	55 103
Employee incentive	41 870	59 954	39 548	41 870	59 954	39 548
Leave pay	30 291	31 186	29 563	30 291	31 186	29 563
Total permanent employment cost	1 819 452	1 619 324	1 518 554	1 819 625	1 619 324	1 518 554
The amounts recognised in profit or loss	2 076 957	1 840 171	1 705 338	2 077 130	1 840 171	1 705 338
Items recognised in other comprehensive income:	133 860	105 434	118 771	133 860	105 434	118 771
Actuarial loss- Post-retirement medical aid liability	158 305	45 121	80 081	158 305	45 121	80 081
Actuarial loss/(gain) - Pension fund defined benefit	640 402	173 257	(267 605)	640 402	173 257	(267 605)
Change in paragraph 58 limitation of IAS 19-Employee benefits	(664 847)	(112 944)	306 295	(664 847)	(112 944)	306 295
	<u>2 210 817</u>	<u>1 945 605</u>	<u>1 824 109</u>	<u>2 210 990</u>	<u>1 945 605</u>	<u>1 824 109</u>
Included in these amounts are directors' emoluments which are disclosed in more detail in note 40.						
28 PROFESSIONAL AND CONSULTING FEES						
Audit fees	13 116	12 758	15 489	13 116	12 758	15 489
- current year	13 116	11 473	9 235	13 116	11 473	9 235
- prior years	-	1 285	6 254	-	1 285	6 254
Consulting fees	50 045	126 911	151 632	50 647	120 593	147 511
Managerial	19 830	93 763	70 335	20 440	87 445	66 214
Projects	1 011	-	38 346	1 011	-	38 346
Technical	29 196	33 148	42 951	29 196	33 148	42 951
	<u>63 161</u>	<u>139 669</u>	<u>167 121</u>	<u>63 763</u>	<u>133 351</u>	<u>163 000</u>
29 OTHER EXPENSES						
Other expenses include the following charges:						
Operating lease charges	67 402	67 714	54 960	67 402	67 714	54 960
Buildings	11 278	9 514	9 287	11 278	9 514	9 287
Equipment	14 286	19 610	11 779	14 286	19 610	11 779
Vehicles	13 191	9 086	9 656	13 191	9 086	9 656
Software	28 647	29 504	24 238	28 647	29 504	24 238
Impairment of available-for-sale financial assets	-	891	8 569	-	891	8 569
Reversal of legal claims	-	-	(40 000)	-	-	(40 000)
Legal claim provision raised	33 610	156 844	62 410	33 610	156 844	62 410
Consumables - (reversal)/write down to net realisable value	(30)	141	43	(30)	141	43
	<u>(30)</u>	<u>141</u>	<u>43</u>	<u>(30)</u>	<u>141</u>	<u>43</u>
30 OTHER LOSSES						
Loss on sale of property, plant and equipment	(482)	(307)	(1 280)	(482)	(307)	(1 280)
31 NET FINANCING COSTS						
Interest received	72 497	42 526	28 493	71 529	42 523	28 177
Banking institutions	70 819	42 526	28 493	69 851	42 523	28 177
South African Revenue Services	1 678	-	-	1 678	-	-
Dividend received	-	-	149	-	-	149
Net foreign exchange gain on monetary items	1 631	4 398	7 348	1 631	4 398	7 348
Foreign exchange gain	26 599	3 714	6 781	26 293	3 714	7 260
Finance income	100 727	50 638	42 771	99 453	50 635	42 934
Interest paid	(73 929)	(101 907)	(117 942)	(73 929)	(101 907)	(118 375)
independent third parties	(51 943)	(75 436)	(91 490)	(51 943)	(75 436)	(91 923)
Shareholder - permanent capital	(1 780)	(1 780)	(1 780)	(1 780)	(1 780)	(1 780)
Finance leases	(20 206)	(24 691)	(24 672)	(20 206)	(24 691)	(24 672)
Foreign exchange loss	(43 098)	(12 249)	(9 366)	(46 852)	(12 249)	(9 700)
Finance expenses	(117 027)	(114 156)	(127 308)	(120 781)	(114 156)	(128 075)
Net financing costs	(16 300)	(63 518)	(84 537)	(21 328)	(63 521)	(85 141)



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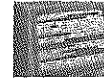
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Monday, December 08, 2014

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SABC spends R700m on local content

Added by Editor on 4 June 2013.

Saved under News

Tags: Dina Pule, Icasa, SABC

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The SABC invested more than R700m in local content last year, according to a report. Communications minister Dina Pule released the figures on how much the SABC spent on local content in a written reply to a parliamentary question by Congress of the People MP Juli Killian.

It showed that documentaries, education and children's programmes got the smallest amounts, *The Star* newspaper reported.

The SABC had awarded contracts worth R758m in 2012.

The biggest chunk was spent on drama shows (R282m), compared to sport (R114m), education (R57m) and children's shows (R56m).

The Star reported that the South African Screen Federation recently threatened the Independent Communications Authority of South Africa with legal action to force it to explain why it had not been monitoring the SABC's local programming content.

The federation said a lack of monitoring had "resulted in an increasing reliance on the same recycled, mostly American series", and "a dramatic increase in repeats of local series and films dating back 10 years". — *Sapa*

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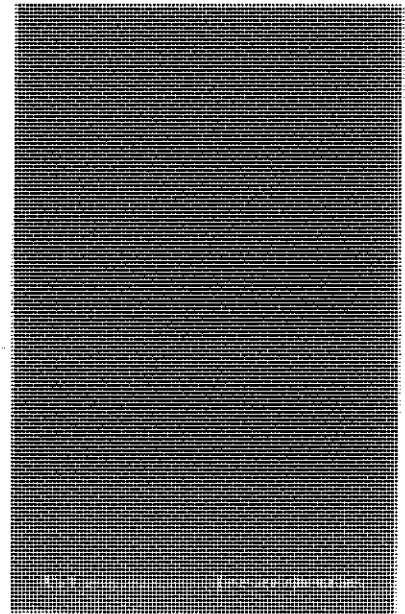
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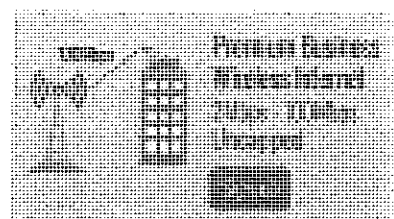
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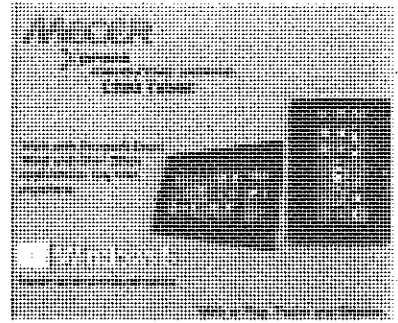
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THE AUTHORITY REQUESTS THE COMPETITION COMMISSION TO INVESTIGATE A POSSIBLE RESTRICTIVE HORIZONTAL PRACTICE BETWEEN TWO BROADCASTERS

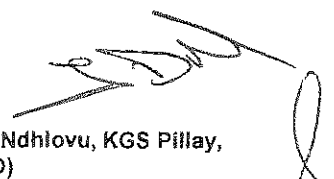
09 April 2014

Johannesburg - The Independent Communications Authority of South Africa has recently requested the Competition Commission to investigate a possible restrictive horizontal practice between the South African Broadcasting Corporation (SABC) and MultiChoice. This follows an agreement entered into between the two parties in July 2013 whereby the SABC would have to provide a 24-hour news channel on MultiChoice' DSTV platform.

News reports at the time indicated that the agreement also contained an obligation relating to set-top-box control in which the SABC is alleged to have agreed that it will transmit its free-to-air channels without encryption.

In the context of the ongoing public dispute between e.tv and MultiChoice over whether free-to-air TV services should utilise set-top-box control, the question arises as to whether the agreement between the SABC and MultiChoice, as it affects the issue of set-top-box control, may constitute a form of restrictive horizontal practice in the television market.

ICASA has requested both the SABC and MultiChoice to provide a copy of the agreement but both parties have failed to honour that request. This failure has made it difficult for the Authority to verify the claim put forward by MultiChoice that *'any contractual obligation upon the SABC to continue to transmit its free-to-air channels in the clear (i.e. without encryption) is an incident of the distribution arrangements agreed upon by the SABC and MultiChoice. Such obligation, as indicated forms part of an agreement between parties in a vertical relationship and is not, as alleged, a horizontal restrictive practice'*.



As the issue of restrictive horizontal practices falls within the scope of Section 4 of the Competition Act, the Authority has requested that the Competition Commission open an investigation into this matter.

Ends...

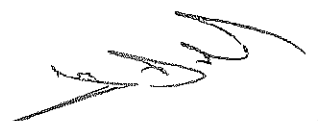
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Monday, May 05, 2014

MultiChoice slams Icasa over probe

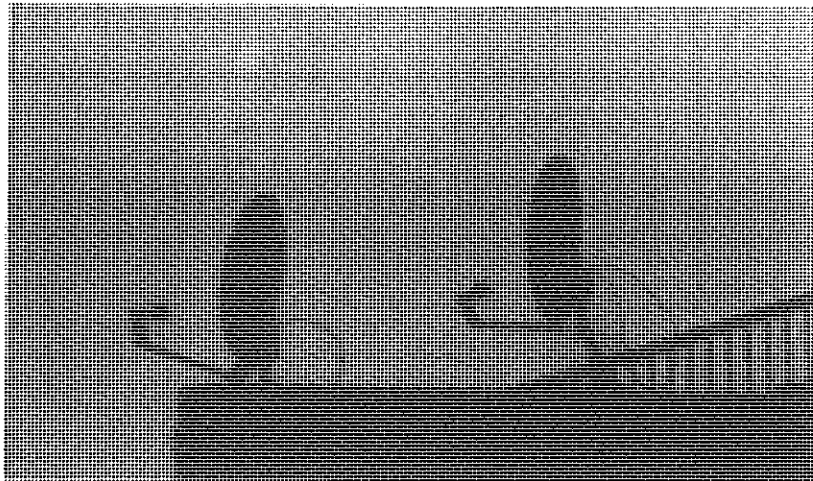
MultiChoice says communications regulator Icasa's complaint to the Competition Commission is "completely without foundation" and that the communications regulator must desist from "undue interference" in its affairs. By Duncan McLeod.

Added by **Duncan McLeod** on 9 April 2014.

Saved under **News, Top**

Tags: **Competition Commission, DSTV, e.tv, icasa, MultiChoice, SABC, Yunus Carrim**

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MultiChoice has criticised communications regulator Icasa over its decision to ask the Competition Commission to probe a "possible restrictive horizontal practice" between it and the SABC over the supply by the public broadcaster of a 24-hour news channel.

"The agreement between MultiChoice and the SABC is a commercial channel distribution agreement. A clause in that agreement requires the SABC to broadcast its free-to-air channels unencrypted. This does not constitute a restrictive horizontal practice," MultiChoice said in response to a query from TechCentral. "The complaint is completely without foundation."

TechCentral, working in conjunction with the *Sunday Times*, revealed last year that the agreement contains an obligation preventing the SABC from offering its free-to-air channels on any digital terrestrial TV system that uses encryption. MultiChoice is engaged in a high-stakes battle with e.tv over whether the set-top boxes that South African consumers will need to receive digital TV should contain a control system capable of encrypting free-to-air broadcasts.

MultiChoice claims that such a system, assented to by government, would amount to an unfair subsidy for prospective rivals in South Africa's pay-TV industry. It has clashed publicly with communications minister Yunus Carrim, accusing the minister of pandering to "narrow commercial interests" (read: e.tv) in recommending to cabinet that a control system be included in digital set-top boxes. This prompted a strong backlash from Carrim, who accused MultiChoice

2014/05/05 4:38 PM

of being a bullying monopoly.

Earlier on Wednesday Icasa said: "In the context of the ongoing public dispute between e.tv and MultiChoice over whether or not their TV services should utilise set-top-box control, the question arises as to whether the agreement between the SABC and MultiChoice, as it affects the issue of set-top-box control, may constitute a form of restrictive horizontal practice in the television market."

Icasa said it had requested both the SABC and MultiChoice to provide a copy of the agreement, but that both parties failed to honour that request.

But MultiChoice said it is under no legal obligation to make its agreement with the SABC available to Icasa. "In fact, Icasa is required in terms of the Electronic Communications Act to refrain from undue interference in the commercial activities of licensees." — (c) 2014 NewsCentral Media

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If there is nothing to hide, then why are they are being so defensive to the point that it seems more like an all-out offensive? If there is nothing untoward about the agreement, surely the competition authorities will absolve them?

Overall a poor response from Multichoice. They really need to find a better PR team. A better response would be something a long the lines of "we having nothing to hide, have nothing done nothing wrong, and will work with the authorities until this is resolved."

Right now all they're doing is pissing off all the wrong people - the minister, the regulator, their competition and consumers. They're proving more and more to be the bullies that everyone is accusing them of being.

Dog Star • 25 days ago
Glad I stopped paying MC subs.

Pasco_e • 25 days ago
With all other options out there, people still subscribe to DSTV in 2014?

MuziMak • 24 days ago
I know my options in getting movies and doccies. But, seriously, how else can I and my family get to watch Chelsea, Barca, the Masters and Sundowns?

Pasco_e • 24 days ago
Netflix is coming by mid-May. Before then go to;

- 1. http://mybroadband.co.za/vb/sh...
2. http://watch.squidtv.net/afri...

or search for the regular channels (sat & free-to-air) on Youtube. Sports, ESPN has a better variety although you might not get as much of Sundowns as you may want.

Hope this helps.

dominic • 24 days ago
The Electronic Communications Amendment Act 2014 introduces a new form of pro-competitive condition which ICASA has the power to impose under Chapter 10 of the ECA, viz. the power to impose pro-competitive licence terms and conditions relating to "distribution, access and reselling obligations for broadcasters".

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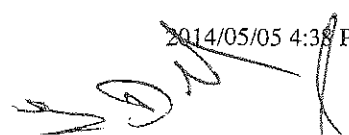
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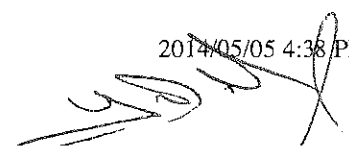


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Icasa seeks inquiry into SABC news deal with MultiChoice

April 10 2014 at 08:00am
By Asha Speckman

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MultiChoice, a subsidiary of Naspers, and the SABC may face an investigation by the Competition Commission over an agreement that led to the 24-hour-SABC-news channel being broadcast on the DSTv pay-TV platform.

The complainant is the Independent Communications Authority of SA (Icasa), which said yesterday that the broadcasters had been unco-operative when it asked them for a copy of the agreement for its initial probe into the arrangement.

It requested the commission check for the possibility that the companies had engaged in a restrictive horizontal practice, which relates to market collusion that is in violation of section 4 of the Competition Act.

A spokeswoman for the commission could not confirm the request because a formal complaint had not been received. But Icasa spokesman Paseka Maleka said the request had been sent on Friday.

The multimillion-rand deal was struck in July last year.

"News reports at the time indicated that the agreement also contained an obligation relating to the set-top box control, in which the SABC is alleged to have agreed that it will transmit its free-to-air channels without encryption," Icasa said in a statement.

The authority added that, "in the context of the ongoing public dispute between e.tv and MultiChoice over whether free-to-air television services should utilise set-top box control, the question arises as to whether the agreement between the SABC and MultiChoice, as it affects the issue of set-top box control, may constitute a form of restrictive horizontal practice in the television market."

MultiChoice has claimed that the SABC was contractually obligated to transmit its free-to-air channels without encryption as part of a vertical relationship between the parties and not one that was restrictive in the marketplace.

Icasa claimed the broadcasters did not provide a copy of the agreement as it had requested. This made it difficult to verify MultiChoice's claim.

Restrictive horizontal practices involve collusion and certain competitor agreements and practices, while restrictive vertical practices involve certain customer or supplier arrangements.

MultiChoice and the public broadcaster are opposed to a national policy stipulating that about 5 million government-subsidised set-top boxes, which will be distributed to poor households to allow analogue television sets to play digital signals, must include the conditional access technology.

Broadcasters who choose to activate the technology must pay R20 per box to the state. The use of conditional access is supported by e.tv, but yesterday spokesman Vasilii Vass said e.tv was not willing to comment at this stage and that it had not complained to the regulator.

MultiChoice meanwhile dismissed Icasa's complaint as baseless. "Such an arrangement is pro competitive," it said, adding that it was not legally obligated to give the agreement to Icasa. "In fact, Icasa is required, in terms of the Electronic Communications Act, to refrain from undue interference in the commercial activities of licensees."

Maleka said the Icasa Act empowered Icasa to request information from licensees. - Additional reporting by Sapa



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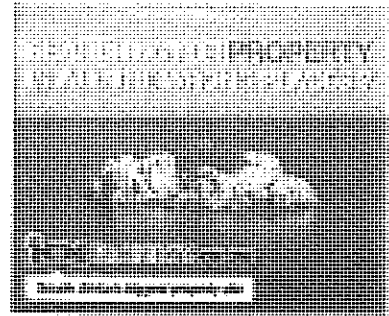
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- One month.
- Two months.
- Three months.



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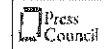
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"TM14"

company annual financial statements

for the year ended 31 March 2014

1. Principal accounting policies

The annual financial statements of the company are presented in accordance with, and comply with, International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and effective at the time of preparing these financial statements and the South African Companies Act No 71 of 2008. The accounting policies of the company are the same as those of the group, where applicable (refer to note 2 of the consolidated financial statements) with the following revised accounting standard being adopted for the first time during the year ended 31 March 2014.

- IAS 27 "Separate Financial Statements": This accounting standard was revised as a result of the introduction of IFRS 10 and now relates exclusively to separate financial statements where it previously also outlined consolidation guidance.

The application of IAS 27 did not have an impact on the company's financial statements.

Investments in subsidiaries are accounted for in the company's financial statements at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of investment.

2. Investments in subsidiaries

The following information relates to Naspers Limited's direct interest in its significant subsidiaries:

Name of subsidiary	Functional currency	Effective percentage interest*		Direct investment in shares		Nature of business	Country of incorporation
		2014 %	2013 %	2014 R'm	2013 R'm		
Unlisted companies							
Media24 Holdings Proprietary Limited	ZAR	85,0	85,0	1 078	1 078	Investment holding	South Africa
Heemstede Beleggings Proprietary Limited	ZAR	100,0	100,0	—	—	Investment holding	South Africa
MIH Holdings Proprietary Limited	ZAR	100,0	100,0	5 452	5 452	Investment holding	South Africa
Naspers Properties Proprietary Limited	ZAR	100,0	100,0	—	—	Properties holding	South Africa
Intelprop Proprietary Limited	ZAR	100,0	100,0	—	—	Investment holding	South Africa
				5 530	6 530		

*The effective percentage interest shown is the effective financial interest, after adjusting for the interests of any equity compensation plans treated as treasury shares.

During the previous financial year the loans to the Media24 group were restructured. Naspers Limited ceded its rights and contributed its claims of R1 077m to the Media24 group for no consideration.



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IN THE COMPETITION TRIBUNAL OF SOUTH AFRICA

Case number:

In the matter between:

CAXTON AND CTP PUBLISHERS AND PRINTERS
LIMITED

First Applicant

THE TRUSTEES FOR THE TIME BEING OF THE MEDIA
MONITORING PROJECT BENEFIT TRUST

Second Applicant

S.O.S SUPPORT PUBLIC BROADCASTING COALITION

Third Applicant

and

MULTICHOICE (PROPRIETARY) LIMITED

First Respondent

SOUTH AFRICAN BROADCASTING CORPORATION
(SOC) LIMITED

Second Respondent

THE COMPETITION COMMISSION

Third Respondent

SUPPORTING AFFIDAVIT


I, the undersigned,

WILLIAM ROBERT BIRD

hereby state under oath that:

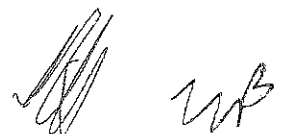


1. I am the director of the second applicant, the Media Monitoring Project Benefit Trust, also known as Media Monitoring Africa (“MMA”). MMA has its national office at Suite 2 Art Centre, 22 on 4th Avenue, Parkhurst, Johannesburg. One of MMA’s objectives is to be Africa’s pre-eminent media “watchdog”. I attach a copy of MMA’s trust deed marked “WB1”.
2. The facts contained in this affidavit fall within my personal knowledge and are to the best of my knowledge true and correct. Where I make submissions of law I do so on the advice of the second and third applicants’ legal representatives.
3. The third applicant is the S.O.S Support Public Broadcasting Coalition (“SOS”). Like MMA, SOS also has its offices at the Art Centre, Suite 3, 22 on 4th Avenue, Parkhurst, Johannesburg. SOS is a civil society coalition that engages in campaigns for public broadcasting in the public interest. SOS represents a number of trade unions, participants in the media sector, NGOs, academics and community based organisations. I attach a copy of the constitution of SOS marked “WB2”.
4. MMA is a member of SOS. I am accordingly duly authorised to depose to this affidavit on behalf of MMA and the SOS.
5. I have read the affidavit deposed to by Mr Moolman of Caxton. I confirm the correctness of the contents of his affidavit in so far as it pertains to MMA.
6. I also confirm as correct Mr Moolman’s assessment in his affidavit of the media landscape in South Africa (in particular the DTT broadcast landscape), his reasons for why the agreement concluded between the SABC and MultiChoice



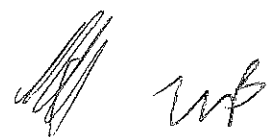
("the Agreement") constitutes a notifiable merger, and his explanation of why the Agreement has anticompetitive consequences that should have been investigated by the third respondent, ("the Commission").

7. MMA and the SOS accordingly support the relief sought in this application.
8. The MMA supports this application in the public interest. Not only does the agreement see a commercial and a subscription broadcast entity, the first respondent ("MultiChoice"), acquire power and control of a critical public resource (being the SABC programme archives for broadcast on the entertainment channel) and in so doing give it an unfair advantage over any possible competitors, but it undermines the sustainability and public mandate of the public broadcaster.
9. It also enables MultiChoice to determine the future strategic policy of the SABC's broadcast television business in that the SABC has agreed to "always" broadcast its FTA channels in a manner that is not encrypted, and which is receivable on MultiChoice's STBs.
10. The interest of the MMA and the SOS in this application is to ensure compliance with the rule of law. The public has an interest in ensuring that media companies comply with applicable regulatory obligations – including in this case the obligations imposed by the Competition Act, 89 of 1998 ("the Act") to notify transactions to the Commission that constitute notifiable mergers.
11. Strict compliance with this statutory obligation is vital. The media landscape in South Africa is characterised by a high degree of concentration. The Naspers

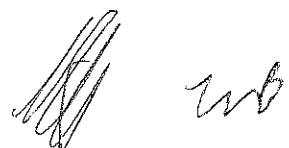
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group of companies overwhelmingly dominates the media landscape. The paid television sector is dominated by Naspers's MultiChoice and it is also arguably the most powerful television broadcaster in South Africa as a result of the size of its assets and ability to outbid any other television broadcaster in South Africa for television rights. I do not intend to repeat what is already set out in Mr Moolman's affidavit regarding the relevant terms of the Agreement, why the acquisitions of control provided for in the Agreement constitute a notifiable merger and why such acquisitions of control are likely to lead to substantial anticompetitive effects absent any pro-competitive justification. MMA endorses what Mr Moolman says in relation to those issues.

12. Briefly, however, and as is set out in Mr Moolman's affidavit, MultiChoice's position of dominance will be further entrenched through its ability to control the strategic direction of the SABC's policy as regards broadcasting in the DTT environment, and through its acquisition of sole control of the SABC's programme archives.
13. As regards programme archives, they are valuable assets. In the case of the SABC they also contain footage and programming of unique South African events, people, scenes and experiences unrivaled by any other broadcaster. The SABC has unique footage of South Africa's transition to democracy, 'the good the bad and the ugly'. They have unique footage of heroes and villains, from Nelson Mandela to PW Botha. Handing over control of such footage to a private commercial and subscription broadcast entity that may determine what gets used and seen not only means that such footage would not be available to the majority

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- of the public, but it goes against the core principles of building an open democracy.
14. Not only is it essential that the control and power over such footage is retained by the SABC, but that the value that is held by the archive is realised by the SABC in the public interest. The SABC has spent hundreds of millions of Rand investing in locally produced original content. That content derives revenue in its own right through advertising. It can also be repurposed and revisioned, offering an additional crucial revenue stream to the public broadcaster, and to third parties that seek to compete in the DTT broadcast landscape.
 15. MultiChoice's acquisition of sole control of part of the SABC's programme archive in terms of the Agreement will be at the expense of existing competitors such as e.tv and the SABC (which will be unable to use its own content), and of potential competitors who could have otherwise been able to licence this content from the SABC. A further concentration in the media sector (in this case involving television media) is not in the public interest. It undermines the objectives of competitive, independent and high quality media in South Africa. We have already witnessed how difficult the environment is for other competitors seeking to enter the sector with the significant challenges being faced by Star Sat (formerly Top-Tv) and the non-entry of other licensees such as Telkom Media.
 16. It is for these core public interest reasons, and others fully detailed in Mr Moolman's affidavit that the MMA supports the present application to compel

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MultiChoice and the SABC to notify the acquisitions of control provided for in the Agreement to the Commission.

17. I respectfully submit that the public interest demands that dominant firms such as Multichoice comply with all applicable laws and regulations, particularly in cases such as the present where they have concluded a transaction that is clearly a notifiable merger that has the likelihood of impeding competition in a sector that is already highly concentrated.



WILLIAM BIRD

I certify that—

- (a) the deponent—
 - (i) acknowledged that he knows and understands the contents of this declaration;
 - (ii) informed me that he does not have any objection to taking the prescribed oath;
 - (iii) informed me that he considers the prescribed oath to be binding on his conscience;
- (b) the deponent then uttered the words, ‘I swear that the contents of this declaration are true, so help me God’;
- (c) the deponent signed this declaration in my presence atPARKHURST..... on the 10th day of February 2015.



MICHAEL RICHARD HARTY
COMMISSIONER OF OATHS
PRACTISING ATTORNEY
REPUBLIC OF SOUTH AFRICA
THE ART HOUSE, No. 4 4th, AVENUE
PARKHURST JOHANNESBURG

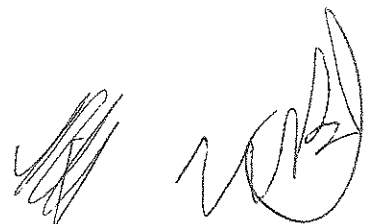


COMMISSIONER OF OATHS

Full name:

Business address:

Designation:

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"WBI"

1

MEDIA MONITORING PROJECT BENEFIT TRUST

AGREEMENT OF TRUST

between

JOHN VAN ZYL

and

PAUL MASEKO

and

LYNDALL SHOPE-MAFOLE

and

TREVOR ABRAHAMS

and

LAURA POLLECUTT

and

JESSICA WENGROWE

2011.11.22

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MEDIA MONITORING PROJECT BENEFIT TRUST

AGREEMENT OF TRUST

between

JOHN VAN ZYL
("the founder")

and

PAUL MASEKO
("Maseko")

LYNDALL SHOPE-MAFOLE
("Shope-Mafole")

TREVOR ABRAHAMS
("Abrahams")

LAURA POLLECUTT
("Pollecutt")

JESSICA WENGROWE
("Wengrowe")



1. INTRODUCTION

- 1.1 The founder, Maseko, Shope-Mafole, Abrahams, Pollecutt and Wengrowe (collectively "the trustees") have been involved in co-ordination between individuals and organisations committed to media education, research, lobbying and analysis for the benefit of the public at large.
- 1.2 The trustees have agreed to establish a trust known as the "Media Monitoring Project Trust" to receive and administer funds for the above purposes.
- 1.3 The parties wish to record in writing the provisions of the oral agreement of trust.

2. NAME

The name of the trust is "Media Monitoring Project Trust".

3. OBJECTS

The trust shall be devoted to purposes of promoting accepted standards of fairness, impartiality and diversity of opinion by publicly funded radio and television in the Republic of South Africa and its objects shall be one or more of the following :

- 3.1 to establish a special fund in the Republic of South Africa for the sole purpose of receiving donations to be used exclusively to defray any expenditure directly incurred in providing research, educational, monitoring or analytical facilities and information for members of the general public (including expenditure on educational and monitoring programmes but excluding expenditure in respect of any such programmes or other benefits granted to any person nominated by a donor to the trust) :

- 3.1.1 to inform and educate the appropriate monitoring bodies, interested parties and the public at large of the results of analysis and research and to draw their attention to the duties and obligations of the media as laid down by various

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international instruments, including the 1978 UNESCO Paris Declaration on the contribution of media to strengthening peace; as per section 10(1)(f) and (A) of the Income Tax Act, 1962 ("the Act"); or

3.1.2 to educate mediating authorities, political parties and the public at large in the principles of human rights and communications especially as they affect the freedoms involved in the democratic process, as per section 10(1)(f) and (A) of the Act;

3.1.3 to conduct literacy programmes to educate communities on how the media functions, as per section 10(1)(f) and (A) of the Act;

3.1.4 to compile regular reports during the course of the year and annual reports for distribution to political organisations, the media, peace observers, embassies and the public at large for educational purposes, as per section 10(1)(f) and (A) of the Act;

3.1.5 to conduct regular seminars on results of research projects for the benefit of other research organisations, civic groups, development organisations and the public at large, as per section 10(1)(f) and (A) of the Act

provide that -

the revenue shall contribute towards, encourage, finance, promote, assist and support the work, efforts and understanding of the general public, organisations and associations of a public character as regards the duties and responsibilities of the media in the Republic of South Africa or any independent state the territory of which formerly formed part of the Republic;

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3.2 the Trust shall co-operate with organisations and persons involved in similar work.

4. DONATION

4.1 The founder hereby donates to the Trustees in their capacities as such, the sum of R1, to be held by them, for the beneficiaries, upon the terms and conditions set out in this Trust Deed.

4.2 The trustees hereby accept the donation made by the founder, which shall be paid by the founder to the Trustees within 7 days of the date of this Trust Deed.

4.3 The donation may not be revoked by the founder under any circumstances.

5. VESTING OF TRUST ASSETS AND LIABILITIES

5.1 All assets acquired and all liabilities incurred by the trustees in their capacity as the trustees of the trust shall vest in the trustees that capacity and shall be administered by them in a separate fund ("the trust fund").

5.2 Assets of the trust may be registered in the name of the trust, the trustees for the time being, or a nominee for the trust.

5.3 The trust may sue or be sued in its own name.

6. APPLICATION OF TRUST FUND

6.1 The trustees shall from time to time and as often as they may think desirable, award, lend or otherwise disburse so much of the income of the trust as the trustees may in their discretion decide, in order to achieve all or any of the objects of the trust.

6.2 Unless otherwise approved from time to time by the Commissioner for Inland Revenue, the trustees shall in the exercise of their powers and authorities

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under 6.1 award, for the purpose of achieving the objects of the trust, not less than 75% of the net income within 12 months of the end of the financial year in which it accrued; provided that where funds are intended to be accumulated for a specific capital project the provisions of this clause 6.2 shall not apply where and to the extent that the accumulation of funds is approved by the Receiver of Revenue to whom the trust submits its annual income tax returns. Any unused income shall be accumulated or capitalised as the trustees from time to time deem fit.

6.3 No benefits may be awarded by the trust for any purpose other than charitable contributions to media research, educational undertakings and to the general public, as set out in this agreement. In particular the trustees shall ensure -

6.3.1 that no donor or any person nominated by a donor shall benefit from moneys paid into or out of the trust fund;

6.3.2 that donations to the trust are irrevocable and are subject to the provisions of this trust deed.

6.4 The word "income" shall include all accruals.

7. TERMINATION OF THE TRUST

7.1 The trust shall continue indefinitely, but the trustees shall have a discretion to terminate the trust at any time, if the majority of them are of the opinion that the trust no longer serves a meaningful purpose.

7.2 On termination of the trust the trustees shall award any remaining assets to a charitable fund which has similar objects to those of the trust and which is exempt from liability to pay income tax, donations tax, and estate duty.

8. POWERS OF TRUSTEES

8.1 Subject to any restrictions contained in this trust deed, the trustees shall have

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all the powers of a natural person of full legal capacity dealing with his own affairs, except any powers which it is not competent in law to confer on trustees. Without in any way limiting the scope of the trustees' powers, it is recorded that they shall have power from time to time, and on such terms and conditions as they may decide -

8.1.1 to deposit funds which are not otherwise invested in terms of their powers in accounts with recognised financial institutions, as defined in section 1 of the Financial Institutions (Investment of Funds) Act, 1984, including building societies and registered banks;

8.1.2 to purchase or otherwise acquire, hold, sell, lease as an occupier, deal with, dispose of or otherwise alienate immovable property, to erect or construct buildings or installations on that property, and to cultivate, develop, improve or otherwise turn that property to account or use it to the best advantage; but no immovable property may be acquired for the purpose of deriving rental income from that property;

8.1.3 to acquire, hire as an occupier, obtain the use of and dispose of movable property of any nature for purposes of the trust fund;

8.1.4 to enter into contracts, including loans as borrower or lender, suretyships, contracts of insurance and assurance and contracts for the services of advocates, attorneys, auditors, advisers, agents, secretaries and others, and to employ staff;

8.1.5 to grant mortgages, pledges and cessions as security in pursuance of the objects of the trust;

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8.1.6 to accept any assets from any source for administration as part of the trust fund, provided that all donations shall be irrevocable and subject to the terms of the trust deed;

8.1.7 to determine which assets constitute capital and which constitute income, determine the time of capitalization of any income, and treat any amount as income even though received from wasting assets, without making provision for amortisation;

8.1.8 subject to the approval of the Commissioner for Inland Revenue from time to time, to invest all sums of money requiring investment in such securities wheresoever and whatsoever in any part of the world as the trustees may deem advisable, and to vary and transpose investments, and to make reinvestments from time to time, and to register, record or otherwise place and keep any or all of the securities at anytime forming the trust fund or any portion of the trust fund in the name of the trustees or in the name of a nominee or nominees of the trustees and at such place or places within or outside South Africa as the trustees may determine from time to time, so that the trustees shall have the same full and unrestricted powers of investing and reinvesting and transposing investments in all respects as if they were absolutely entitled beneficially;

8.1.9 generally to do all things as they consider necessary or desirable in the interests of the trust.

8.2 Without derogating from the wide powers conferred on the trustees by this agreement, and without interfering with the discretion of the trustees as set out in this agreement, it is recorded that it is intended -

8.2.1 that with a view to building up a substantial capital base for the

trust the investment policy of the trustees, subject to the approval from time to time of the Commissioner for Inland Revenue, should be to invest a significant portion of the capital of the trust fund in sound equity holdings as a protection against inflation, all realised capital gains from time to time being re-invested;

8.2.2 that the trust will be administered as cost-effectively as possible, using where deemed appropriate, the resources of outside organisations in terms of co-operation agreements.

8.3 Delegation

The trustees may delegate any of their rights, powers and discretions to any one of them or to a committee which shall include at least one trustee.

8.4 Contracting with the trust

A trustee shall not be disqualified from entering into a contract with the trust or from being interested in any such contract, and retaining the profit arising from such contract, provided the trustee has disclosed the interest to the other trustees.

8.5 Restrictions on trustees' power

8.5.1 The trustee shall not have power to carry on any trading or business activities, to enter into any speculative activities, to engage in dividend stripping activities, to engage in the letting of immovable property on a systematic or regular basis, or to allow any person other than a beneficiary to occupy free of charge any building owned by the trust.

8.5.2 No benefits may be awarded for any purpose to any person other than a beneficiary under this trust deed.

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8.5.3 Interest-free loans may be made only to a beneficiary, and all other loans shall bear interest at rates not lower than the prevailing commercial interest rates. Loans may not be made to a trustee, a donor and/or any relatives of a trust or a donor, or to any private company, close corporation or trust in which a donor, trustee and/or any of their relatives are shareholders or directors, or members, or beneficiaries or trustees, as the case may be.

8.5.4 The trustees may not acquire shares in any private company in which a donor, a trustee and/or any of their relatives is a shareholder.

8.5.5 Notwithstanding anything contained in this agreement the trustees may not invest the capital of the trust fund or any surplus income not awarded, lent or disbursed in terms of 6.1 and 6.2, unless such capital or surplus income is invested as follows :

8.5.5.1 with a financial institution as defined in section 1 of the Financial Institutions (Investment of Funds) Act, 1984; or

8.5.5.2 in securities listed on a licensed stock exchange as defined in section 1 of the Stock Exchanges Control Act, 1985; or

8.5.5.3 in such other financial instruments as the Commissioner for Inland Revenue may approve from time to time.

8.5.6 The trustees may not accept any donations which are not

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irrevocable and unconditional.

9. TRUSTEES

9.1 Number of Trustees

9.1.1 There shall always be at least 4 trustees in office, and unless this trust deed is amended the number of trustees in office shall not exceed 10.

9.1.2 Should the number of trustees in office at any time be less than 4 all the rights, powers and discretions of the trustees shall be suspended, except the powers of assumption and appointment of successors dealt with below.

9.2 Appointment of trustees and power of assumption

9.2.1 The trustees who are parties to this agreement will be the first trustees.

9.2.2 The trustees may at any time assume any person, whether resident in South Africa or not, as a trustee, either in addition to the trustees or to replace a trustee who has ceased to hold office.

9.2.3 The trustees may remain in office until they retire.

9.2.4 At the annual general meeting of the trust in each year, each trustee shall have the option of remaining in office or retiring. A trustee choosing to retire shall act as a trustee throughout the meeting at which that trustee retires.

9.3 Security

The trustees, including any trustee assumed or appointed under the preceding sub-clause, shall not be required to furnish security for their administration of

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9.4 Disqualification

9.4.1 A person shall be disqualified from being a trustee if -

- 9.4.1.1 the estate of that person has been sequestrated, whether provisionally or finally, or he has committed an act of insolvency as defined in the Insolvency Act from time to time;
- 9.4.1.2 he is insane or incapable of managing his affairs or has been declared a prodigal;
- 9.4.1.3 he has committed an offence involving dishonesty under the laws of any country;
- 9.4.1.4 he is over 70 years of age, unless the other trustees annually waive this disqualification in relation to any person; or
- 9.4.1.5 he has or assumes a high party political profile.

9.5 Vacation of office

A trustee shall cease to hold office if he -

- 9.5.1 becomes disqualified from being a trustee in accordance with the preceding sub-clause;
- 9.5.2 resigns on reasonable written notice to the other trustees (there being at least three other trustee in office);
- 9.5.3 is requested to resign in writing by the other trustees (there

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being at least three other trustees in office), and he fails to do so within four weeks;

9.5.4 has been appointed for a limited period and that period has expired;

9.5.5 has already served as a trustee for a continuous period of nine years, except where he is re-elected by a majority of votes at an annual general meeting.

9.6 Chair

The trustees may appoint a chair and a vice-chair either for such period, not exceeding one year, as they may decide or for a specific meeting.

9.7 Convening of meetings

9.7.1 The trustees shall hold an annual general meeting within six months after the end of each financial year at which the annual financial statements for the previous financial year shall be submitted for approval by the trustees.

9.7.2 The trustees shall hold such other meetings as they deem fit. Any trustee, with the concurrence of at least two others, may convene a meeting of trustees on not less than 21 days notice to the other trustees (or at such shorter period as may be approved by the majority of the trustees in office) and at a reasonable venue.

9.7.3 The notice shall specify the business to be dealt with at the meeting and, if possible, shall be accompanied by the minutes of the previous meeting.

9.7.4 Save as set out in this trust deed the trustees shall conduct their

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business as they think fit.

9.8 Quorum

The quorum for a meeting of trustees shall be as follows -

9.8.1 where the number of trustees in office is five or less, the quorum shall be three;

9.8.2 where the number of trustees in office exceeds five but does not exceed nine, the majority of the trustees in office shall constitute a quorum;

9.8.3 where the number of trustees in office exceeds nine, the quorum shall be five.

9.9 Voting

9.9.1 Decisions shall be taken by majority vote of the trustees present at a meeting.

9.9.2 The chair shall not have a casting vote as well as a deliberative vote.

9.10 Written Resolutions

A written resolution signed by all the trustees who may at the time of the signing of the resolution be within the Republic of South Africa (as constituted on 31 May 1961), and being no less in number than is sufficient to form a quorum, shall have the same effect as if passed at a meeting. Such a written resolution may take the form of several documents, each signed by one trustee or more, setting out the text of the resolution.

9.11 Minutes, reports and records

9.11.1 The trustees shall keep minutes of their meetings and

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resolutions which shall be available for inspection by the trustees at the address of the trust.

9.11.2 A minute, or a certified copy of a minute, signed by the chair or by the trustees present at the meeting shall constitute evidence until the contrary is proved of the contents of the minute.

9.11.3 The trustees shall keep full and accurate records of the financial affairs of the trust which shall be audited annually within six months of the financial year end, which shall be on the last day of February of each year.

9.11.4 The trustees shall, on or before 30 June, in each year submit to every person who has made a donation to the trust within the preceding 12 months, a written report of their activities during the immediately preceding financial year of the trust, and a copy of the audited annual financial statements.

9.12 Remuneration

The trustees shall be entitled to be reimbursed for out of pocket expenses incurred on behalf of the trust but shall otherwise receive no remuneration for acting as trustees.

9.13 Exemption from liability

Except in the case of any loss arising from his own dishonesty

9.13.1 a trustee shall not be personally liable for any loss suffered by the trust, whatever the cause;

9.13.2 a trustee shall be indemnified out of the trust fund against any claims made against him arising out of or in any way connected

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V. J. J. J.

[Signature]

R. J. W.

A. H. J.
L. S. H.

[Signature]

MB

with any act or omission in the course of the administration of the trust.

9.14 Acts valid despite defect in appointment

All acts performed by the trustees in good faith shall be valid notwithstanding any defect in their appointment.

9.15 Disputes

9.15.1

If any difference or dispute should arise between the trustees they should as far as possible resolve the difference or dispute by discussion, either with or without such professional advice as they may consider appropriate.

9.15.2

If the trustees are not so able to resolve the difference or dispute, then subject to any provisions of this deed which provides otherwise, the decision of a majority of trustees in office shall bind the minority and accordingly the powers, discretions and authorities given to or vested in the trustees may be exercised by a majority of them. Every such decision shall be regarded as a decision of all the trustees and shall be binding upon all persons, including beneficiaries, but not so as to render any trustee liable for anything done or omitted by a majority of the trustees without his knowledge or approval.

10. EXECUTION OF DEEDS

Subject to any express provisions which may be contained in this trust deed all deeds, documents or instruments required to be executed by the trustees shall be deemed to have been validly executed if executed in the name of the trust by any one trustee if duly authorised to do so.

11. AMENDMENT OF TRUST

The trust shall have the power, with the agreement of not less than 75% in number

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of the trustees then in office, to alter, vary or add to the conditions hereof, including the power and authority of the trustees, provided that the amendments to the trust deed are submitted to and approved by the Commissioner for Inland Revenue.

SIGNED at Johannesburg on 15 December 1993.

AS WITNESSES :

[Signature]

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SIGNED at Johannesburg on 15 December 1993.

AS WITNESSES :

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SIGNED at Johannesburg on 15 December 1993.

AS WITNESSES :

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SIGNED at Johannesburg on 17 December 1993.

AS WITNESSES :

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SIGNED at *Johannesburg* on *13th* December 1993.

AS WITNESSES :

W. B. M.

B. J.

SIGNED at *Johannesburg* on *17th* December 1993.

AS WITNESSES :

W. B. M.

B. J.

W. B. M.

B. J.

W. B. M.
B. J.

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SOS: Support Public Broadcasting Coalition

CONSTITUTION

AS ADOPTED ON 9 APRIL 2013

Contents

- 1. NAME 3
- 2. STATUS 3
- 3. VISION 3
- 4. OPERATIONAL PRINCIPLES 4
- 5. ORGANISATIONAL STRUCTURE 4
- 6. HOST ORGANISATION 4
- 7. MEMBERSHIP 5
- 8. RIGHTS OF MEMBERS 5
- 9. MEMBERSHIP CODE OF CONDUCT 6
- 10. SUSPENSION AND TERMINATION OF MEMBERSHIP 6
- 11. THE WORKING GROUP AS THE LEADERSHIP STRUCTURE 7

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12. POWERS OF THE WORKING GROUP	7
13. SPECIFIC ROLES WITHIN THE WORKING GROUP	8
14. MEETINGS OF THE WORKING GROUP	9
15. THE FINANCE AND ADMINISTRATION COMMITTEE AS A SUB-COMMITTEE OF THE WORKING GROUP	10
16. DUTIES AND FUNCTIONS OF THE FINANCE AND ADMINISTRATION COMMITTEE.	10
17. MEETINGS OF THE FINANCE AND ADMINISTRATION COMMITTEE	10
18. OTHER SUB-COMMITTEES OF THE WORKING GROUP	11
19. EMPLOYEES	11
20. DUTIES AND FUNCTIONS OF THE COORDINATOR	12
21. ANNUAL GENERAL MEETING (AGM)	12
22. FUNDING AND FINANCING	12
23. INCOME AND PROPERTY	12
24. AMENDMENTS TO THE CONSTITUTION	13
25. DISPUTE RESOLUTION REGARDING THE CONSTITUTION	13
26. DISSOLUTION	14





1. NAME

The organisation shall be known as the SOS: Support Public Broadcasting Coalition, alternately known as the SOS Coalition or SOS or the Coalition.

2. STATUS

SOS is a membership-based public broadcasting network representing trade unions, independent film and TV production sector organisations, non-governmental and community-based organisations, academics, freedom of expression activists and concerned individuals.

SOS shall:

- 2.1 Be a voluntary association not for gain.
- 2.2 Exist in its own right, separately from its members and employees.
- 2.3 Continue to exist notwithstanding any changes in its members and employees.
- 2.4 Be able to acquire, hold and alienate property, enter into agreements and do all things necessary to carry out its aims and objects and promote its members' interests, its property and its standing.
- 2.5 Hold assets separate from its members.

3 VISION

The vision of the SOS Coalition is to create a public broadcasting system dedicated to the broadcasting of quality, diverse, citizen-orientated public programming committed to deepening South Africa's constitutional values and principles.


The Coalition campaigns for the above by:

- lobbying for citizen friendly policy, legislative and regulatory changes to public and community broadcasting; and
- lobbying for transparency and accountability by all institutions governing public and community broadcasting including but not limited to Parliament, the Ministry and Department of Communications, the Independent Communications Authority of South Africa (ICASA), the Media Development and Diversity Agency (MDDA), the South African Broadcasting Corporation (SABC) and community broadcasters.

4. OPERATIONAL PRINCIPLES

SOS:

- 4.1 Is resolutely respectful of the independence and autonomy of its member organisations.
- 4.2 Is membership driven and rooted in an appreciation of the specific interests, concerns and programmes of each of its members.
- 4.3 Seeks creative and innovative approaches that promote the distinct role of a comprehensive broadcasting coalition.
- 4.4 Aims to represent the unified interests of the South African civil society broadcasting sector, not by way of replicating or supplanting the roles of individual organisations, but by bringing to the fore the interests of all its members in a mutually reinforcing sector-wide programme that is distinctive.



- 4.5 Operates on the principles of transparency and consensus.
- 4.5.1 Full consensus shall be required for all decisions relating to SOS Principles where "full consensus" shall be understood to mean total agreement within the decision making body; and
- 4.5.2 Sufficient consensus shall be required for all decisions relating to strategy and tactics where "sufficient consensus" shall be understood to mean agreement among at least two thirds of the decision making body.
- 4.5.3 Where consensus and / or sufficient consensus cannot be reached, members are encouraged to take up issues within the broadcasting sector independently.
- 4.6 Is opposed to all forms of discrimination and oppression and stands for a united, non-racial, non-sexist and democratic South Africa.

5. ORGANISATIONAL STRUCTURE

- 5.1 SOS shall consist of the following structures:
- 5.1.1 Host organisation
- 5.1.2 Membership
- 5.1.3 The Working Group as the representative leadership structure
- 5.1.4 The Finance and Management Committee as a standing sub-committee of the Working Group
- 5.1.5 Other sub-committees of the Working Group
- 5.1.6 Employees
- 5.1.7 Annual General Meeting (AGM)
- 5.2 Each of these structures is articulated in detail below.

6. HOST ORGANISATION

- 6.1 A well-established civil society organisation shall undertake hosting responsibilities and risks for and on behalf of SOS.
- 6.2 The host organisation shall be responsible and accountable for the financial and employee affairs of SOS.
- 6.3 The precise relationship between SOS and the host organisation shall be regulated by a Memorandum of Understanding (MoU), reviewed annually at the first Working Group following the AGM. The first MoU shall be adopted by the Working Group within two months of the adoption of the SOS Constitution.
- 6.4 This hosting arrangement may be terminated by mutual agreement between the Working Group and the Host Organisation. Alternatively, and should the parties not reach mutual agreement on termination, a dispute shall be declared in terms of Clause 25 below.



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7. MEMBERSHIP

7.1 Membership of SOS shall be open to organisations and individuals that accept the principles, policies and programmes of SOS and abide by its Constitution and all rules of SOS and its Working Group.

7.2 Categories of membership

7.2.1 Ordinary member:

7.2.1.1 All organisations and individuals that agree to adhere to SOS's Vision and Operational Principals, who sign the SOS Membership Document and complete an application form are eligible.

7.2.1.2 Ordinary Members are required to participate in the activities of SOS including but not limited to internal discussions, seminars, round tables and direct action activities.

7.2.1.3 Members are entitled to the benefits arising from the work of SOS. Such benefits will be agreed by the Working Group, in their sole discretion.

7.2.1.4 Members will be invited, with adequate notice, to attend the annual general meetings of SOS.

7.2.2 Working Group member

7.2.2.1 All organisations that are already Ordinary Members (have agreed to adhere to SOS's Vision and Operational Principals, who sign the SOS Membership Document and complete an application form) and who commit to full and regular participation and prescribed by the Working Group, are eligible.

7.2.2.2 How to become a Working Group member

7.2.2.2.1 Once eligible, an organisation or individual must make written application for Working Group membership, which application is to be lodged with the Coordinator for a decision at the next Working Group meeting.

7.2.2.2.2 Approval of membership shall be by full consensus within the Working Group, whose decision shall be guided by the Coalition's founding principles.

7.3 Membership refusal

7.3.1 Membership may be refused where:

7.3.1.1 An organisation or individual does not meet the requirements of clause 7.1 above.

7.3.1.2 The Working Group cannot reach consensus on approval as guided by the Coalition's founding principles.

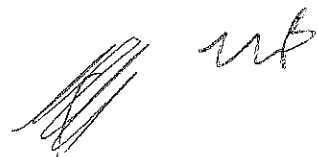
7.3.2 The reasons for the rejection of an application for membership by the Working Group shall, if requested, be provided to the applicant in writing.

7.4 Members shall not be personally liable for any loss suffered, liability or obligation incurred by the Coalition or any person as a result of an act or omission which occurs in good faith in the performance of functions for and on behalf of SOS in the advancement of its programmes.

8. RIGHTS OF MEMBERS

8.1 All Ordinary members shall have the right:

8.1.1 To take a full and active part in the discussion, formulation and implementation of the principles, policies and programmes of SOS.



- 8.1.2 To make a request to the Working Group to form a sub-committee to deliberate on and perform a task on any matter that affects that member and / or other members.
- 8.1.3 To regular communication from the Working Group and employees on the activities of SOS and on matters that are important to the broadcasting sector as a whole.
- 8.2 Ordinary Organisational members have the right:
 - 8.2.1 To nominate one or more representatives to be considered by the Working Group for eligibility to be members of the Working Group and through whom all communications shall be directed if accepted.
 - 8.2.2 For their representative(s) to be appointed to any committee, structure, commission or delegation of SOS.
 - 8.2.3 To be assured that any information regarding their organisations shall be used only with the purpose to benefit the work of SOS, and shall be treated as confidential if so requested.

9. MEMBERSHIP CODE OF CONDUCT

- 9.1 Members shall be organisations and persons of good standing within their communities, and shall not be guilty of:
 - 9.1.1 Having been convicted in a court of law and sentenced to a term of imprisonment without the option of a fine for any serious criminal offences in the last 5 (five) years.
 - 9.1.2 Misappropriation of the funds of SOS or any organisation or destruction of its properties.
 - 9.1.3 Behaving corruptly in the conduction of the affairs of SOS or their member organisation or private business.
- 9.2 Members shall perform their functions in good faith, giving full effect to the obligations of SOS and its objects.
- 9.3 Members shall abide by the Constitution of SOS, its rules, standing orders and codes of Conduct as adopted or amended from time to time.
- 9.4 Members are to abstain from any conduct that may be deemed to conflict with the interests of SOS.
- 9.5 Members shall not prejudice the integrity or reputation of SOS, its employees or its operational capacity including by:
 - 9.5.1 Impeding the activities of SOS.
 - 9.5.2 creating division amongst its membership;
 - 9.5.3 sowing racism, sexism, homophobia, tribal chauvinism, religious and political intolerance, regionalism or other forms of discrimination considered unconstitutional;
 - 9.5.4 behaving in a grossly disorderly or unruly way; or
 - 9.5.5 doing any other act which undermines or may be deemed to undermine SOS's effectiveness and/or standing as an organisation.

10. SUSPENSION AND TERMINATION OF MEMBERSHIP

- 10.1 SOS may suspend or terminate a member for any of the following reasons:
 - 10.1.1 On the written request of the member.





- 10.1.2 If the member has ceased to comply with clause 7.1 above as determined by full consensus at a Working Group meeting.
- 10.1.3 For serious misconduct as defined by the Membership Code of Conduct as per clause 9 above, and so determined by full consensus of members at a Working Group meeting.
- 10.1.4 For any other reason determined by full consensus of members at a Working Group meeting.
- 10.2 No member may be suspended or expelled unless they have been afforded an opportunity to state their case at a Working Group meeting, of which it has received not less than 7 (seven) days' notice in writing from the Chairperson. The matter with which the member is charged shall be set out in such notice.

11. THE WORKING GROUP AS THE LEADERSHIP STRUCTURE

- 11.1 The Working Group shall be the leadership structure of SOS.
- 11.2 Collectively, the Working Group provides strategic guidance and direction to the organisation, and guides the implementation of SOS projects and programmes.
- 11.3 It shall be comprised of one or more mandated representatives from organisational members, as well as individual members.
- 11.4 Employees, in particular the Coordinator, of SOS will be eligible for membership of the Working Group subject to Working Group consent. Such Employees shall have full powers to fully participate in and speak in working group meetings and not be part of decision making.
- 11.5 The Working Group shall, by means of full consensus, appoint the Finance and Management Committee at the first Working Group meeting following the AGM.
- 11.6 The Working Group shall be chaired by the Chairperson, Deputy Chairperson or their designated representative who must be a member of the Working Group.
- 11.7 Mandated representatives of organisational members may be changed at any time at the prerogative of the organisational member subject to notice to the Chairperson of the Working Group not less than 1 week prior to the date of the next Working Group meeting.
- 11.8 There are no limits on the term of service for Working Group members, including the Chairperson. However, each position within the Working Group stands open for election or re-election by SOS members on an annual basis at the AGM.

12. POWERS OF THE WORKING GROUP

- 12.1 The Working Group shall have the authority to lead and represent the organisation, subject to the provisions of the Constitution of SOS, its rules, standing orders and codes of conduct as adopted or amended from time to time.
- 12.2 Without prejudice to the generality of its powers, the Working Group shall:
- 12.2.1 Develop and implement the policies and programmes of SOS.
- 12.2.2 Report on any and all matters of interest to SOS.
- 12.2.3 Establish such structures and committees and / or sub-committees as it considers appropriate to further the work of SOS.
- 12.2.4 Receive reports of the activities and decisions of its committees and / or sub-committees and all other structures of SOS.



- 12.2.5 Guide and advise the committees and / or sub-committees, employees and all structures of SOS in the exercise of their functions.
- 12.2.6 The Working Group has the right to hold all of its sub-committees accountable for the affairs of SOS and has the right to veto, ratify or amend any decision of these sub-committees.
- 12.2.7 Approve and monitor the budget and expenditure of SOS.
- 12.2.8 Ratify the appointment of employees of SOS and the terms and conditions of their employment.
- 12.2.9 Approve or deny applications for membership of SOS.
- 12.2.10 Suspend or terminate the membership of an affiliated member of SOS in terms of clause 9 above.

13. SPECIFIC ROLES WITHIN THE WORKING GROUP

13.1 Chairperson

- 13.1.1 The Chairperson shall support the Coordinator and the Host Organisation as determined by the Working Group to provide direction to and implement the work of SOS.
- 13.1.2 The Chairperson shall preside over meetings of the Working Group, the Finance and Management Committee and AGM in accordance with the constitution of SOS, its rules, standing orders and codes of conduct as adopted or amended from time to time.
- 13.1.3 The Chairperson shall be appointed by the Working Group from within the Working Group.
- 13.1.4 The appointment shall take place at the first Working Group following the AGM.
- 13.1.5 The term of service shall be one year.
- 13.1.6 The Chairperson may not serve more than two consecutive terms.

13.2 Deputy Chairperson

- 13.2.1 The Deputy Chairperson, jointly with the Chairperson, will support the Coordinator and the Host Organisation to implement the work of SOS and provide direction to SOS.
- 13.2.2 In the absence of the Chairperson, the Deputy Chairperson shall preside over meetings of the Working Group, the Finance and Management Committee and AGM in accordance with the constitution of SOS, its rules, standing orders and codes of conduct as adopted or amended from time to time.
- 13.2.3 The Deputy Chairperson shall be appointed by the Working Group from within the Working Group.
- 13.2.4 The appointment shall take place at the first Working Group following the AGM.
- 13.2.5 The term of service shall be one year.
- 13.2.6 The Deputy Chairperson may not serve more than two consecutive terms.

13.3 Secretary

- 13.3.1 An Employee of SOS shall undertake the role of secretary.
- 13.3.2 The Secretary shall:
 - 13.3.2.1 Provide at least 5 (five) working days written notice of planned meetings together with the agenda for such meetings.

- 13.3.2.2 Take and retain the minutes of the Working Group and meetings and AGMs of SOS, as well as other records of SOS.
- 13.3.2.3 Distribute the minutes of all meeting as and when required to the relevant members.
- 13.3.2.4 Conduct the correspondence of the Working Group and send out notices of all Working Group meetings and AGMs.

13.4 Treasurer

- 13.4.1 Until otherwise determined by SOS, the Host Organisation shall be the custodian of the funds and property of SOS; and shall undertake the role of Treasurer in support of the Coordinator.
- 13.4.2 During this time, the role and functions of the Treasurer as stated in 13.4 below shall be performed in accordance with the Memorandum of Understanding between the Host Organisation and SOS.
- 13.4.3 Should SOS no longer require a Host Organisation a Treasurer shall be appointed as the chief custodian of the funds and property of SOS, or the responsibility shall be handed to the Coordinator.

13.5 Duties of the Treasurer shall include but not be limited to:

- 13.5.1 Procuring the opening of a bank account in the name of SOS, which account shall be opened with an approved bank nominated by the Working Group;
- 13.5.2 Receiving and banking all monies on behalf of SOS and shall together with any three designated members of the Finance and Management Committee operate a separate and dedicated banking account on behalf of SOS.
- 13.5.3 Managing the day-to-day finances of SOS and ensure the keeping of such records and books of account as may be necessary to record clearly the financial position of SOS.
- 13.5.4 Ensuring the records and books of account of SOS, including the Income and Expenditure Account and Balance Sheet, are annually compiled in terms of the financial year end of the organisation which shall be 28 February of each year.
- 13.5.5 Submitting annually and presenting before the AGM a report showing the Income and Expenditure Account and Balance Sheet of SOS for the period since the previous AGM.
- 13.5.6 Submitting to auditors, tax and any other relevant authorities the records and books of account of SOS and ensure SOS is legally compliant with regard to its finances; and
- 13.5.7 Submitting monthly reports on the finances of SOS to the Working Group.

14. MEETINGS OF THE WORKING GROUP

- 14.1 The Working Group shall meet a minimum of once a month.
- 14.2 The Secretary shall schedule, in agreement with the Chairperson, the dates, times and venues of the minimum required meetings of the Working Group within one month of the AGM
- 14.3 Decisions of the Working Group shall be made by consensus.
- 14.4 Quorum for a meeting of the Working Group shall have been reached when the Chairperson or Deputy Chairperson or her/his nominee from within the Working Group and the

Coordinator or her/his nominee who shall also be a staff member, along with a minimum of three other Working Group members, are present.

- 14.5 If within 20 (twenty) minutes after the time appointed for the meeting a quorum is not reached, the meeting shall continue.
- 14.5.1 Any decision taken at such a meeting shall be reported to the Working Group within 1 (one) week for ratification either by "round robin" or at the next Working Group meeting.

15. THE FINANCE AND ADMINISTRATION COMMITTEE AS A SUB-COMMITTEE OF THE WORKING GROUP

- 15.1 The Finance and Administration Committee shall be a sub-committee of the Working Group and shall be accountable to the Working Group.
- 15.2 It shall be comprised of Working Group members. It shall consist of the Chairperson or Deputy Chairperson, the Treasurer, the Coordinator and two or more Working Group members, as appointed by the Working Group.
- 15.3 The Coordinator shall be a full member but shall recuse her/himself for all discussions pertaining to her/his conditions of employment.
- 15.4 The Host Organisation shall be an automatic member of the Finance and Administration Committee.
- 15.5 The Finance and Administration Committee shall be appointed by the Working Group at the first Working Group meeting following the AGM.

16. DUTIES AND FUNCTIONS OF THE FINANCE AND ADMINISTRATION COMMITTEE

- 16.1 Its primary objective shall be to ease the financial and administrative burden placed on Working Group members in order that the Working Group may retain its focus on providing strategic guidance and direction to the Coalition and guiding the implementation of SOS projects and programmes.
- 16.2 Without prejudice to the generality of its powers, the Finance and Administration Committee shall:
- 16.2.1 Recommend and draft policies on all matters of procedure relevant to finance and administration on which this Constitution is silent to the Working Group for ratification.
- 16.2.2 Undertake financial and administrative tasks, as requested by the Working Group.
- 16.2.3 Have the power to co-opt not more than 2 (two) additional members, who shall be members of good standing of the Working Group, at any time during its term of office, in order to provide for the effective functioning of SOS.
- 16.2.4 Have the power to fill a vacancy by appointing a replacement, who shall be a member of good standing of the Working Group, should a vacancy occur on the Finance and Administration Committee for any reason.

17. MEETINGS OF THE FINANCE AND ADMINISTRATION COMMITTEE

- 17.1 The Finance and Administration Committee shall meet prior to Working Group meetings.
- 17.2 The Coordinator shall provide at least 3 (three) working days written notice of planned meetings together with the agenda for such meetings.

- 17.3 The Chairperson or Deputy Chairperson shall preside over all meetings.
- 17.4 In the event of the Chairperson or Chairperson being absent, a member of the Finance and Administration Committee shall be appointed to preside.
- 17.5 A quorum shall be comprised of 50% (fifty per cent) of the members of the Finance and Administration Committee.
- 17.6 If the meeting is not quorate, the Committee, through the Chairperson or Deputy Chairperson, may elect to proceed with the meeting. All decisions made shall be recorded and circulated electronically among the committee within five days for confirmation before presentation to the Working Group for ratification.
- 17.7 Decisions of the Finance and Administration Committee shall be made by full consensus. Where this is not possible the matter shall be referred back to the Working Group to determine a way forward.

18. OTHER SUB-COMMITTEES OF THE WORKING GROUP

- 18.1 Such sub-committees as may be deemed necessary by the Working Group and / or Finance and Administration Committee to fulfil the objectives of SOS may be created, according to need.
- 18.2 All sub-committees shall be accountable to the Working Group.
- 18.3 Sub-committees shall principally be constituted from members of the Working Group and the SOS membership base. The involvement of co-opted persons who are not SOS members shall be ratified at the next Working Group meeting and, if necessary, conditions for involvement of co-opted persons determined.
- 18.4 The life span of such sub-committee shall be determined by need, and there shall be no formal disestablishment procedure.

19. EMPLOYEES

- 19.1 While SOS still requires a Host Organisation, employees shall be appointed by the SOS Working Group and employed by the Host Organisation in accordance with its employment policies. Should the need for a host organisation to fall away, employees shall be appointed and employed solely by the Working Group.
- 19.2 The Coordinator shall be the chief member of staff and shall be accountable to the Working Group. Insofar as SOS still requires a Host Organisation, the Coordinator shall be accountable to the Working group in line with the policies of the Host Organisation.
- 19.3 All other employees shall be accountable to the Coordinator.
- 19.4 Employees shall not be legally liable for any of the obligations and liabilities of SOS.
- 19.5 Employees shall not be personally liable for any loss suffered by any person as a result of an act or omission which occurs in good faith in the conduct of functions for and on behalf of SOS.
- 19.6 Further details of employment arrangements with employees will be concluded in the MOU concluded between SOS and its host organisation referred to in Section 6 of this Constitution.

WB

[Signature]

20. DUTIES AND FUNCTIONS OF THE COORDINATOR

- 20.1 The Coordinator shall undertake the following duties and functions, consistent with the Constitution and as agreed to by the Working Group:
- 20.1.1 Drive the vision and work of SOS.
 - 20.1.2 Supervise and direct the work of SOS and its structures
 - 20.1.3 Carry out the decisions and instructions of the working group
 - 20.1.4 Raise the finances necessary to implement the annual strategy and implementation plan, and be responsible for donor engagement and reporting in consultation with the Finance and Management Committee.
 - 20.1.5 In consultation with the Treasurer keep a record of all assets.
- 20.2 Any other staff shall undertake the duties and functions, consistent with their job descriptions and the support requirements of the Coordinator.

21. ANNUAL GENERAL MEETING (AGM)

- 21.1 The role of the AGM shall be to report to members and the general public on the organisational activities and finances over the last reporting period, to present the strategic plan and budget for the year ahead for adoption, and to confirm members of the Working Group.
- 21.2 It shall also be used to raise the profile and work of SOS.
- 21.3 Every year within 15 (fifteen) months of but not before 10 (ten) months of the last AGM, the Chairperson shall call an AGM of all Ordinary and Working Group members.
- 21.4 Members shall be informed of the AGM and its agenda at least 14 (fourteen) calendar days in advance.
- 21.5 The AGM shall determine its own procedures in accordance with democratic principles.
- 21.6 The Chairperson shall preside over the AGM.
- 21.7 Quorum shall be reached when 25% of all Ordinary Members or 10 Members are present, whichever is the lower.

22. FUNDING AND FINANCING

SOS shall be financed from:

- 22.1 Grants.
- 22.2 Donations and bequests.
- 22.3 Monies received from any other legal source.
- 22.4 Income earned from surplus money deposited and invested.
- 22.5 Income earned from services rendered.

23. INCOME AND PROPERTY

- 23.1 The Treasurer in consultation with the Coordinator shall keep a record of all assets and income.
- 23.2 All finances and assets owned by SOS are under the custodianship of the Coordinator and the

Treasurer, and are owned by SOS and not any of its members or employees.

- 23.3 Members and employees may submit bona fide expense claims to the host organisation on condition the principle of such claim submissions are agreed to by the Coordinator prior to the expense being incurred and are ratified by the Finance and Administration Committee

24. AMENDMENTS TO THE CONSTITUTION

- 24.1 The Constitution may be amended by a resolution passed at a Working Group meeting by at least two-thirds of all Working Group members.
- 24.2 The written approval of the Host Organisation shall be required should the change to the Constitution impact on the Host Organisation.
- 24.3 Amendments shall be proposed in writing. The Secretary shall provide copies of any proposed amendments together with the agenda for the Working Group meeting as per clause 13.2 above.

25. DISPUTE RESOLUTION REGARDING THE CONSTITUTION

- 25.1 Should any dispute arise or a deadlock exist in relation to any matter which requires consensus between the Parties in the widest sense in connection with --

- 25.1.1 the formation or existence of;
- 25.1.2 the carrying into effect of;
- 25.1.3 the interpretation or application of the provisions of;
- 25.1.4 the Parties' respective rights and obligations in terms of or arising out of;
- 25.1.5 the validity, enforceability, rectification, termination or cancellation, whether in whole or in part of; and/or
- 25.1.6 any documents furnished by the Parties pursuant to the provisions of

this Constitution, or which relates in any way to any matter affecting the interests of the Parties in terms of this Constitution, then any Party may declare that a dispute exists by requesting that the Chairperson serve written notice on the other members of the Working Group.

- 25.2 Within 10 (ten) days of receipt of a written notice declaring a dispute, the Parties must try to meet and -

25.2.1 resolve the dispute; or

25.2.2 agree to a process for resolving the dispute.

- 25.3 If within 10 (ten) days of the dispute being declared, the Parties or their nominees do not meet or do not resolve the dispute or do not agree on a process for resolving the dispute,



the matter shall be referred to arbitration in terms of this clause 25, provided that a Party to the dispute has demanded arbitration by written notice to the other Parties.

25.4 The arbitration shall be held -

25.4.1 at a location in the relevant magisterial district;

25.4.2 with only the representatives and legal representatives of the Parties to the dispute present thereat; or

25.4.3 otherwise in terms of the Arbitration Act, No. 42 of 1965, it being the intention that the arbitration shall be held and completed within 21 (twenty one) calendar days after it was demanded.

25.5 The arbitrator shall be, if the matter in dispute is principally -

25.5.1 a legal matter, a practising advocate or attorney;

25.5.2 an accounting matter, a practising accountant; or

25.5.3 any other matter, any independent Person, agreed upon between the Parties to the dispute.


25.6 The decision of the arbitrator shall be final and binding on the Parties to the dispute and may be made an order of any competent court at the instance of any of the Parties to the dispute.

26. DISSOLUTION

26.1 SOS may only be dissolved with the agreement of two thirds of all Ordinary Members at a Special Meeting of Members convened for this purpose.

26.2 Any assets remaining after all its liabilities have been met shall be transferred to another non-profit organisation with similar objectives.

26.3 The Working Group members shall decide on the exact terms of the dissolution and the precise disposal of any assets.


COORDINATOR

07/04/15
DATE





IN THE COMPETITION TRIBUNAL OF SOUTH AFRICA

Case number:

In the matter between:

CAXTON AND CTP PUBLISHERS AND PRINTERS
LIMITED

First Applicant

THE TRUSTEES FOR THE TIME BEING OF THE MEDIA
MONITORING PROJECT BENEFIT TRUST

Second Applicant

S.O.S SUPPORT PUBLIC BROADCASTING COALITION

Third Applicant

and

MULTICHOICE (PROPRIETARY) LIMITED

First Respondent

SOUTH AFRICAN BROADCASTING CORPORATION
(SOC) LIMITED

Second Respondent

THE COMPETITION COMMISSION

Third Respondent

SUPPORTING AFFIDAVIT

I, the undersigned,

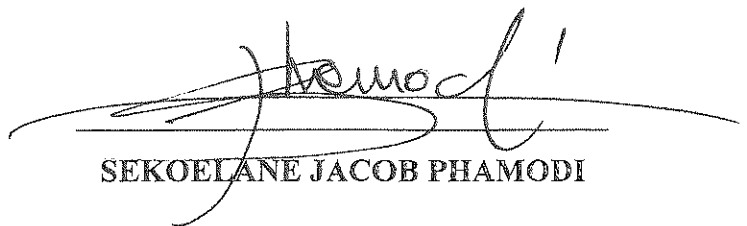
^T
SEKOEĽANE JACOB PHAMODI

hereby state under oath that:



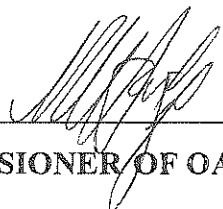
1. I am an adult male and the Coordinator of the Third Applicant in this application.

2. I have read the affidavits of Terrence Desmond Moolman (“Mr Moolman”) and William Robert Bird in this application and confirm the contents thereof insofar as they relate to SOS, the Agreement (as defined in Mr Moolman’s affidavit), the SABC, Multichoice and broadcasting in South Africa in general.


SEKOELANE JACOB PHAMODI

I certify that—

- (a) the deponent—
 - (i) acknowledged that he knows and understands the contents of this declaration;
 - (ii) informed me that he does not have any objection to taking the prescribed oath;
 - (iii) informed me that he considers the prescribed oath to be binding on his conscience;
- (b) the deponent then uttered the words, ‘I swear that the contents of this declaration are true, so help me God’;
- (c) the deponent signed this declaration in my presence at Parkhurst..... on the 12th day of February 2015.



COMMISSIONER OF OATHS

MICHAEL RICHARD HARTY
COMMISSIONER OF OATHS
PRACTISING ATTORNEY
REPUBLIC OF SOUTH AFRICA
THE ART HOUSE, No. 4 4th, AVENUE
PARKHURST, JOHANNESBURG

Full name:

Business address:

Designation:

A handwritten signature or scribble consisting of several overlapping, slanted lines, located in the bottom right corner of the page.

IN THE COMPETITION TRIBUNAL OF SOUTH AFRICA

Case number:

In the matter between:

CAXTON AND CTP PUBLISHERS AND PRINTERS
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First Applicant

THE TRUSTEES FOR THE TIME BEING OF THE MEDIA
MONITORING PROJECT BENEFIT TRUST

Second Applicant

S.O.S SUPPORT PUBLIC BROADCASTING COALITION

Third Applicant

and

MULTICHOICE (PROPRIETARY) LIMITED

First Respondent

SOUTH AFRICAN BROADCASTING CORPORATION
(SOC) LIMITED

Second Respondent

THE COMPETITION COMMISSION

Third Respondent

SUPPORTING AFFIDAVIT

I, the undersigned,

KERRON EDMUNSON

hereby state under oath that:



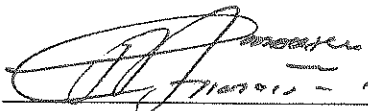
1. I am a qualified lawyer providing advisory services as a legal and regulatory consultant in the electronic communications and broadcasting sectors.
2. I have read the affidavit of Terrence Desmond Moolman in this application and confirm the content insofar as it relates, or refers to, the legal and regulatory environment specifically, and the market generally, for broadcasters in South Africa.



KERRON EDMUNSON

I certify that-

- (a) the deponent-
 - (i) acknowledged that ~~he~~ knows and understands the contents of this declaration;
 - (ii) informed me that ~~he~~ does not have any objection to taking the prescribed oath;
 - (iii) informed me that ~~he~~ considers the prescribed oath to be binding on his conscience;
- (b) the deponent then uttered the words, 'I swear that the contents of this declaration are true, so help me God';
- (c) the deponent signed this declaration in my presence at
 SANDTON on the ...12... day of February 2015.



COMMISSIONER OF OATHS

Full name: *Terrence Desmond Moolman*
 Business address: *No 2 Sunnyside Road, Johannesburg*
 Designation: *CEO TABLET*

